



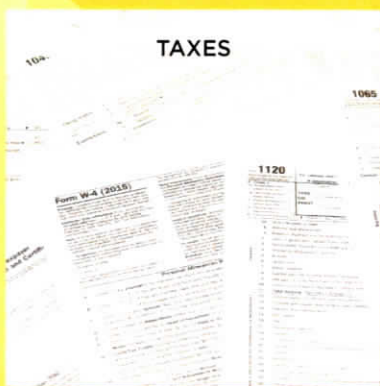
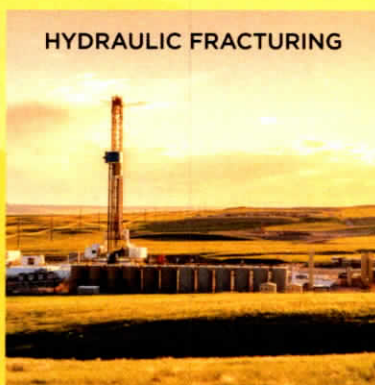
INDEPENDENT PETROLEUM
ASSOCIATION OF AMERICA

#since1929 #wearegas&oil

90th

Board of Directors Meeting

JUNE 25, 2019



Midyear Meeting

**JUNE 24-26 | THE BROADMOOR
COLORADO SPRINGS**

IPAA
INDEPENDENT PETROLEUM
ASSOCIATION OF AMERICA
#since1929 #wefaregas&oil **90th**

SCHEDULE OF EVENTS

All events and committee meetings are open to all registered attendees unless specified otherwise. Resort casual attire for all events.

SUNDAY, JUNE 23

3:00 pm – 5:00 pm Conference Registration Open **Mountain View Foyer**

MONDAY, JUNE 24

7:30 am – 12:30 pm **Golf Outing | West Course** *Special Fee \$275*
Broadmoor Golf Club *Breakfast at 6:30 a.m. on Golf Club Porch*

12:45 pm – 5:00 pm Conference Registration Open **Mountain View Foyer**

1:00 pm – 5:00 pm **LAND AND LEGAL ISSUES**
West Ballroom

1:00 pm – 1:15 pm **WELCOME & INTRODUCTION | Dan Naatz**, Senior Vice President of
West Ballroom Government Relations and Political Affairs, IPAA

1:15 pm – 2:00 pm **Implications of ONRR Regulations**
West Ballroom Attendees will hear a broad overview of current Office of Natural Resources Revenue (ONRR) regulations, legal battles and their implications for IPAA member companies moving forward.

SPEAKERS

L. Poe Leggette, Partner, BakerHostetler
Rosario Doriott Domínguez, Associate, BakerHostetler

2:00 pm – 3:00 pm **The Fight For Legal Ground**
West Ballroom More often than not, the true battle for regulatory revisions are taken to the court. This panel of leading attorneys will examine current fights in the court system and posture on what is to come for industry as we push back against regulatory creep.

SPEAKERS

Mark Barron, Partner, BakerHostetler
Wayne J. D'Angelo, Partner, Kelley Drye & Warren LLP
Kathleen C. Schroder, Partner, Davis, Graham & Stubbs LLP

3:00 pm – 3:15 pm **BREAK**

3:15 pm – 4:30 pm **Coming to a State Near You**
West Ballroom Join this session as executives from leading state industry organizations examine state policies and how they could be migrating to other states.

SPEAKERS

Ryan Flynn, Executive Director
New Mexico Oil & Gas Association (NMOGA)
Dan Haley, President & CEO
Colorado Oil & Gas Association (COGA)
Ron Ness, President, North Dakota Petroleum
Council (NDPC)
Pete Obermueller, President, Petroleum Association of Wyoming (PAW)

4:30 pm – 5:00 pm **Capitol Hill Outreach**
West Ballroom Hear from IPAA staff about their Capitol Hill outreach and strategy in a divided Congress.



MONDAY, JUNE 24

5:30 pm – 7:00 pm
Mountain View Terr.

Sponsored by



WELCOME TO COLORADO RECEPTION



TUESDAY, JUNE 25

7:30 am – 5:00 pm

Conference Registration Open Mountain View Foyer

7:45 am – 9:00 am

Finance Committee Breakfast *Committee Members Only* West Ballroom B

7:45 am – 9:00 am

Cooperating Associations' Breakfast West Ballroom CD

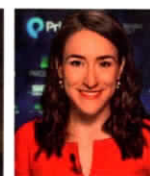
9:15 am – 10:00 am
Rocky Mountain CD

Energy: A Sector in Transition

How the capital markets is shaping the stewardship of oil and gas companies.

INTRODUCTION | **Barry Russell**, President and CEO, IPAA

SPEAKER | **Tamar Essner**, Director of Energy Capital Markets, Nasdaq



10:15 am – 11:00 am
Rocky Mountain CD

Shale is Stressed, But Succeeding

INTRODUCTION | **Fred Lawrence**, Vice President of Economics and International Affairs, IPAA

SPEAKER | **Jamie Webster**, Senior Director, BCG Center for Energy Impact



Shale's growth has been phenomenal, remaking the oil markets and causing old assumptions to be questioned or thrown out completely. Yet the impressive volumetric story of shale has always been paired with doubts about its durability and profitability. Those doubts remain centered on those issues but is now joined by the impacts from the lighter nature of shale as well as other larger regulatory changes. But shale and the ecosystem of companies responsible for this growth have consistently shown remarkable resilience since the start of its boom, and this dynamic is yet to end. Within the challenges of lighter oil are several opportunities, and the upcoming IMO regulations should be a net positive for the industry. Add in the wider availability of digital capabilities and there is reason for continued excitement for shale—low prices or no.

11:15 am – Noon
Rocky Mountain CD

CEO Update | Focus on Colorado: Opportunities in the Current Environment

INTRODUCTION | **Steve Hinchman**, IPAA Chairman; President and CEO, Scala Energy

SPEAKER | **David Stover**, Chairman and CEO, Noble Energy, Inc.

Mr. Stover brings to his role more than 35 years of oil and gas industry and operational leadership. He was appointed Chairman of the Board in April 2015, CEO in October 2014 and elected to the board of directors in April 2014.



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Noon – 1:15 pm
Mountain View Terr.

Buffet Lunch

1:30 pm – 3:30 pm
Rocky Mountain AB

Board of Directors' Meeting *Board Members Only*

3:45 pm – 4:45 pm
Gaylord Ballroom

Capital Markets Committee

3:45 pm – 4:45 pm
West Ballroom CD

Wildcatters Fund PAC

5:00 pm – 7:00 pm
Lakeside Terrace

Reception

19 May -
Dallas
STB

TUESDAY, JUNE 25

7:00 pm – 9:30 pm
Main Ballroom

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Roustabout Dinner *Roustabout Members and Spouse/Guest Only*

INTRODUCTION | **Steve Hinchman**, IPAA Chairman;
President and CEO, Scala Energy

SPECIAL GUEST | **Kenneth A. Hersh**

President & CEO, George W. Bush Presidential Center
Co-Founder & Advisory Partner, NGP Energy Capital
Management



The George W. Bush Presidential Center is a Dallas-based non-partisan institution which houses the George W. Bush Library and Museum and the George W. Bush Institute. NGP is a premier private equity investment franchise in the natural resources industry.

WEDNESDAY, JUNE 26

8:30 am – 4:30 pm

Conference Registration Open **Mountain View Foyer**

► Visit the **Silent Auction!**

8:45 am – 9:30 am
Rocky Mountain CD

Climate Talks

MODERATOR | **Creighton Welch**, Communications Director,
EOG Resources

SPEAKER | **Nancy Meyer**, Director of Corporate Engagement,
Center for Climate and Energy Solutions (C2ES)

With growing pressure on companies to respond to environmental, social and corporate governance (ESG) issues – climate-related risks are becoming a major concern. After the Financial Stability Board launched the Task Force on Climate Related Financial Disclosures (TCFD) in Paris– this voluntary framework is becoming the basis for a lot of conversations with companies on how they are managing their climate-related financial risks.

Investor pressure is growing in this area; however, this pressure is not only affecting publicly-traded companies, but private equity is focusing more and more on ESG issues as well.

This session will explore actions that energy companies are taking to share their story on how they are managing these risks as well as the tools that they're using.



9:45 am – 10:30 am
Rocky Mountain CD

Infrastructure Challenges

INTRODUCTION | **Lee Fuller**, Executive Vice President, IPAA

SPEAKER | **Toby Mack**, President and CEO, Energy Equipment and
Infrastructure Alliance (EEIA)

The oil and gas industry continues to face challenges in getting product to market. Regulatory requirements and increased public scrutiny have made the current transportation methods dangerous as well as demanding. This session will explore what is in store and what is at stake if oil and gas infrastructure issues are not addressed to meet current and future demands.



10:45 am – 11:45 am
Rocky Mountain CD

IPAA/PESA Energy Education Center Update

SPEAKERS

Barry Russell, Co-Chairman, IPAA/PESA Education Advisory
Board; President & CEO, IPAA

Anne Ford, Senior Vice President, IPAA/PESA Energy
Education Center

Leslie Beyer, President, Petroleum Equipment & Services
Association (PESA)



Noon – 1:15 pm
Rocky Mountain AB

Sponsored by



Membership Luncheon ► **Silent Auction** closes!

INTRODUCTION | **David Gallagher**, President and CEO, American Gilsonite

SPEAKER | **Tracee Bentley**, President & CEO,
Permian Strategic Partnership



WEDNESDAY, JUNE 26

1:30 pm – 2:15 pm
Rocky Mountain CD

The Economic Contribution of Independent Operators in the U.S.

INTRODUCTION | **Bob Fryklund**, Vice President–Upstream Energy
IHS Markit

SPEAKER | **Bob Flanagan**, Director, IHS Markit

With the advent of unconventional resources, about 90% of the United States oil and natural gas activity is and will continue to be performed by U.S. independent oil and natural gas companies, which are defined as companies that are not vertically integrated with refining. The production and capital spending activities of the independent operators stimulate significant contributions to the U.S. economy.

The Independent Petroleum Association of America ("IPAA") commissioned IHS Markit ("IHSM") to update a previous study performed in 2011, wherein IHSM assessed the economic impact of independents' oil and natural gas production and related activities. Join us in this session to discuss the results of these findings.



2:30 pm – 3:15 pm

Membership Committee Meeting West Ballroom CD

3:30 pm – 4:15 pm

Program Committee Meeting West Ballroom CD

3:30 pm – 4:15 pm

Liaison Committee Meeting West Ballroom AB

6:00 pm – 9:00 pm
Cheyenne Lodge

Shuttle buses will depart and return from the West Building entrance beginning at 5:45 p.m. and ending at 9:15 p.m. Dress is casual.



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HARTENERGY

World Oil



IPAA 90th Annual Meeting
November 6-8, 2019
Fairmont
Washington, D.C.



AGENDA
Board of Directors Meeting

June 25, 2019
1:30 p.m. - 3:30 p.m.
The Broadmoor
Colorado Springs, CO
Rocky Mountain, Broadmoor West

The presiding officers are Steve Hinchman and Barry Russell

- Welcome / Introductions Steve Hinchman
- Approve Minutes Steve Hinchman
- Acceptance of all new members Steve Hinchman
- Remarks Steve Hinchman
- President's Report / Briefing & Discussion Barry Russell / IPAA Staff
 - Elections
 - IHS Study
 - Climate Change
 - Royalty Relief
 - Communications
 - Infrastructure
 - Education
 - Energy In Depth
 - Resource Conservation and Recovery Act
 - United States – Mexico – Canada Agreement
 - Liuna - Dakota Access Pipeline
 - Keep it in the Ground
 - Methane Regulations
 - Tariffs and Quotas
 - Litigation

• Committee Reports

- | | |
|-------------------------------------|---------------------------------|
| ◇ Capital Markets | Jim McBride / Bob Jarvis |
| ◇ Communications | Creighton Welch / Jeff Eshelman |
| ◇ Crude Oil | Craig Howard / Susan Ginsberg |
| ◇ Environment and Safety | Gretchen Kern / Lee Fuller |
| ◇ International | Tara Lewis / Fred Lawrence |
| ◇ Land and Royalty | Claire Chase / Dan Naatz |
| ◇ Law | Greg Russell / Barry Russell |
| ◇ Membership & Business Development | Karl Brensike / Bob Jarvis |
| ◇ Natural Gas | Kurt Krieger / Susan Ginsberg |
| ◇ Offshore | Ron Neal / Dan Naatz |
| ◇ Supply & Demand | Bob Fryklund / Fred Lawrence |
| ◇ Tax | Don Nestor / Lee Fuller |
| ◇ Wildcatters Fund | Bruce Vincent / Dan Naatz |

DRAFT

**IPAA Board of Directors
November 12, 2018
The Ritz Carlton
New Orleans, LA
Minutes**

IPAA President and CEO Barry Russell called the meeting to order.

Mr. Russell thanked outgoing Chairman Mike Watford for stepping up to serve again as IPAA Chairman for the past year. Board members attending the meeting introduced themselves. Motions to approve the minutes from the June Meeting and to accept the new IPAA members were seconded and approved.

Mr. Russell continued with the President's Report. He announced that long time IPAA member and Board member Lester Moore had recently passed.

Mr. Russell then announced the nominations for IPAA leadership offices: Steven Hinchman for Chairman, James Wilkes for Vice Chairman and Diemer True for Treasurer. The Board approved a motion to accept the nominations.

Mr. Hinchman described his objectives during his term as Chairman.

Mr. Russell continued with the President's Report.

IPAA staff reported on several issues:

Jeff Eshelman provided an update on Energy In Depth related efforts.

Dan Naatz reviewed the results of the November federal elections and potential implications.

Lee Fuller report on the status of steel tariffs and quotas.

Mallori Miller presented the status of litigation with regard to federal regulations.

The Board received supplemental information related to the printed Committee Reports.

Following the Committee Reports, the meeting adjourned to Executive Session.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lee O. Fuller". The signature is fluid and cursive, with the first name "Lee" being particularly prominent.

Lee O. Fuller, Secretary

<p style="text-align: center;">IPAA Board of Directors</p>
--

National Officers 2017-2019

Steven B. Hinchman
Chairman
President and CEO
Scala Energy LLC
20445 State Highway 249, Suite 300
Houston, TX 77070
Work : 832-953-3020
Email : shinchman@scalaenergy.com

James H. Wilkes
Vice Chairman
President
Texland Petroleum LP
777 Main Street, Suite 3200
Fort Worth, TX 76102
Work : 817-336-2751
Fax : 817-900-1294
Email : jwilkes@texpetro.com

Diemer D. True
Treasurer
Chairman
Diamond Oil & Gas, LLC
1541 Diamond Drive
Casper, WY 82601
Work : 307-233-3900
Fax : 307-232-2144
Email : Diemer@wyodiamond.com

Barry Russell
President & CEO
IPAA
1201 15th Street, NW, Suite 300
Washington, DC 20005
Work : 202-857-4722
Fax : 202-857-4799
Email : brussell@ipaa.org

Michael D. Watford
Immediate Past Chairman
Email : mike.watford53@gmail.com

Regional Directors 2017-2019

Brent Allen

Regional Director of Texas, Panhandle

Managing Director

Alpar Energy, LP

P.O. Box 1046

Perryton, TX 79070-1046

Work : 806-435-6566

Fax : 806-435-2561

Email : ballen@alpar.us

William G. Barr III

Regional Director of KY-TN-NC-SC

Managing Partner

BlackRidge Resource Partners LLC

301 East Main Street, Suite 700

Lexington, KY 40507

Work : 859-246-3211

Email : bbarr@blackridgeusa.com

Raul F. Brito

Regional Director of Kansas-Missouri, West

President

Brito Oil Company, Inc.

8100 E. 22nd St., N., Bldg. 600, Suite R

Wichita, KS 67226

Work : 316-263-8787

Fax : 316-351-7701

Email : brito@brito.kscoxmail.com

Bill Cadman

Regional Director of Colorado

VP, Corporate and Government Relations

Whiting Petroleum Corporation

1700 Broadway, Suite 2300

Denver, CO 80290-2300

Work : 303-802-8294

Email : bill.cadman@whiting.com

J.Roy Dee III

Regional Director of Illinois

President

Dee Drilling Company

P.O. Box 7

Mount Carmel, IL 62863-0007

Work : 618-262-4136

Fax : 618-262-4710

Email : jrdee@deedrilling.com

Mike Elyea

Regional Director of Texas, North

Senior Vice President & CFO

Burk Royalty Co., Ltd.

P.O. Box 94903, 4245 Kemp Blvd.

Wichita Falls, TX 76308-0903

Work : 940-397-8600

Fax : 940-322-1934

Email : mike@burkroyalty.com

Bruce C. Faulkner
Regional Director of Texas, Northeast
President
Lehnertz-Faulkner, Inc.
3300 S. Broadway, Suite 103
Tyler, TX 75701
Work : 903-592-3311
Fax : 903-592-1339
Email : brucefaulkner@suddenlinkmail.com

Allan D. Frizzell
Regional Director of Texas, West Central
Executive Vice President
Enrich Oil Corporation
289 Walnut, P.O. Box 1320
Abilene, TX 79601
Work : 325-673-3739
Fax : 325-673-8861
Email : enrich@bitstreet.com

David R. Hill
Regional Director of Ohio
President/Consulting Geologist
David R. Hill, Inc.
221 1/2 South Sixth Street, PO Box 247
Byesville, OH 43723-0247
Work : 740-685-5168
Fax : 740-685-6893
Email : david@davidrhillinc.com

Jordan Horoschak
Regional Director of Texas, Southeast
Managing Director
CIBC World Markets
1001 Fannin Street, Suite 4450
Houston, TX 77002
Work : 713-452-1593
Email : jordan.horoschak@cibc.com

Shane C. Kriebel
Regional Director of NY, West-PA-MD-DE
Production Business Manager
Kriebel Minerals, Inc.
633 Mayfield Road
Clarion, PA 16214
Work : 814-226-4160 xt 148
Email : sckriebel@kriebelgas.com

Stephen D. Layton
Regional Director of California, South
President
E&B Natural Resources
1600 Norris Road
Bakersfield, CA 93308
Work : 661-679-1700
Fax : 661-679-1797
Email : slayton@ebresources.com

D. Irwin Mackenroth Jr.
Regional Director of Louisiana, Southeast
Vice President - Land
Clovelly Oil Co. LLC
650 Poydras Street, Suite 2350
New Orleans, LA 70130
Work : 504-522-7496
Fax : 504-523-6302
Email : dmackenroth@clovellyoil.com

Douglas C. Malcolm
Regional Director of WV-VA-DC
Vice President
D.C. Malcolm, Inc.
900 Lee Street East, Suite 920
Charleston, WV 25301
Work : 304-343-9593
Email : doug@mountain.net

E. Murphy Markham IV
Regional Director of Texas, North Central
Managing Partner
EnCap Investments, L.P.
3811 Turtle Creek Boulevard, Suite 2100
Dallas, TX 75219
Work : 214-599-0800
Fax : 214-599-0200
Email : mmarkham@encapinvestments.com

Mike McConnell
Regional Director of Texas, Southwest
McConnell Interests, LLC
3311 Far View Drive
Austin, TX 78730
Work : 512-422-7982
Email : mike@mcconnellinterests.com

Rory McMinn
Regional Director of New Mexico
Consultant and E&P Investor
P.O. Box 1213
Roswell, NM 88202-1213
Work : 575-626-7100
Email : rory@rmcminn.com

Catherine Nobles Medlock
Regional Director of Arkansas
Leejay Company LLC
116 N. Washington
El Dorado, AR 71730
Work : 870-866-8318
Fax : 870-863-6062
Email : catmedlock@gmail.com

Kelly E. Miller
Regional Director of Michigan
President and CEO
Miller Investment Company
P.O. Box 348
Traverse City, MI 49685-0348
Work : 231-933-3233
Fax : 231-933-3253
Email : kelly@millerinvestmentcompany.com

Alan Olson
Regional Director of Montana
Executive Director
Montana Petroleum Association
P.O. Box 1186
Helena, MT 59624
Work : 406-442-7582
Email : alan@montanapetroleum.org

Sean O'Neill
Regional Director of NY, East-NJ-New England
Managing Partner
Old Ironsides Energy, LLC
10 St. James Avenue, 19th Floor
Boston, MA 02116
Work : 617-366-2033
Fax : 617-426-1021
Email : soneill@oldironsidesenergy.com

Jeffrey Sparks
Regional Director of Texas, Permian
Chief Operations Officer
Discovery Operating, Inc.
2600 Mockingbird Ct
Midland, TX 79705
Work : 432-683-5203
Fax : 432-687-1930
Email : jsparks@discoveryoperating.com

Lawrence F. Svendson
Regional Director of Louisiana, Southwest
New Ventures Manager
Marlin Energy Resources, LLC
3861 Ambassador Caffrey Parkway, Suite 600
Lafayette, LA 70503
Work : 337-769-4347
Fax : 337-769-4340
Email : Lawrence.Svendson@marlinenergy.net

Thomas W. Sylte
Regional Director of Alabama-Florida-Georgia
President
Kelton Company, L.L.C.
P.O. Box 230
Pensacola, FL 32591-0230
Work : 850-434-6830
Fax : 850-434-6842
Email : beachtws@cox.net

Tad True
Regional Director of Wyoming
Vice President
Belle Fourche Pipeline Company
P.O. Drawer 2360
Casper, WY 82602
Work : 307-266-0205
Fax : 307-237-3164
Email : tad.true@truecos.com

Kenneth J. Whitehurst
Regional Director of Louisiana, North
President
KW Investments, L.L.C.
7223 Gilbert Drive
Shreveport, LA 71106
Work : 318-470-7701
Fax : 318-868-4658
Email : ken@kwinvestments.com

James H. Wilkes
Regional Director of Texas, Central
President
Texland Petroleum LP
777 Main Street, Suite 3200
Fort Worth, TX 76102
Work : 817-336-2751
Fax : 817-900-1294
Email : jwilkes@texpetro.com

Rock Zierman
Regional Director of California, North
Chief Executive Officer
California Independent Petroleum Association
1001 K Street, 6th Floor
Sacramento, CA 95814
Work : 916-447-1177
Fax : 916-447-1144
Email : rock@cipa.org

Board of Directors At-Large 2017-2019

Barton R. Brookman Jr.
President & Chief Executive Officer
PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, CO 80203
Work : 303-860-5800
Email : bart.brookman@pdce.com

Stan Casey
Government and Regulatory Affairs- Texas
Concho Resources, Inc.
1220 Colorado Street, Suite 200
Austin, TX 78701
Work : 512-914-1293
Email : scasey@concho.com

Eric A. Dillé

Vice President, Government Relations
EOG Resources, Inc.
1111 Bagby, Sky Lobby 2
Houston, TX 77002
Work : 832-366-8504
Email : Eric_Dille@eogresources.com

Tim Dove

President & Chief Executive Officer
Pioneer Natural Resources Co.
5205 N. O'Connor Blvd., Suite 200
Irving, TX 75039
Work : 972-969-3838
Email : Tim.Dove@pxd.com

Joseph Wm. Foran

Chairman, President, CEO
Matador Resources Company
One Lincoln Center, 5400 LBJ Freeway, Suite 1500
Dallas, TX 75240
Work : 972-371-5217
Fax : 972-371-5201
Email : acrawford@matadorresources.com

Randy A. Foutch

Chairman & CEO
Laredo Petroleum, Inc.
15 W. 6th Street, Suite 900
Tulsa, OK 74119
Work : 918-513-4570
Fax : 918-858-0694
Email : randy@laredopetro.com

Mike Henderson

Vice President Resources Plays North
Marathon Oil Company
5555 San Felipe Road
Houston, TX 77056
Work : 713-296-2668
Email : mahenderson@marathonoil.com

Vicki Hollub

CEO
Occidental Oil and Gas Corporation
5 Greenway Plaza, Suite 110
Houston, TX 77046
Work : 713-215-7332
Email : vicki_hollub@oxy.com

Bradley J. Holly

President & CEO
Whiting Petroleum Corporation
1700 Broadway, Suite 2300
Denver, CO 80290-2300
Fax : 720-644-3645
Email : brad.holly@whiting.com

Erec Isaacson

VP, Rockies Business Unit
ConocoPhillips
600 N. Dairy Ashford , EC3-14-E435
Houston, TX 77079
Work : 281-206-5658
Email : erec.s.isaacson@conocophillips.com

Thomas E. Jorden

Chairman, CEO & President
Cimarex Energy Co.
1700 Lincoln Street, Suite 3700
Denver, CO 80203
Work : 303-295-3995
Fax : 303-285-9299
Email : tjorden@cimarex.com

Robert D. Lawler

President & CEO
Chesapeake Energy Corp.
P.O. Box 18496
Oklahoma City, OK 73154
Work : 877-245-1427
Email : brooke.coe@chk.com

Thomas B. Nusz

Chairman & CEO
Oasis Petroleum Inc.
1001 Fannin Street, Suite 1500
Houston, TX 77002
Work : 281-404-9524
Email : tnusz@oasispetroleum.com

Javan Ottoson

President & CEO
SM Energy
1775 Sherman Street, Suite 1200
Denver, CO 80203
Work : 303-861-8140
Email : jottoson@sm-energy.com

Gary D. Packer

Executive VP & COO
Newfield Exploration Company
4 Waterway Square Place, Suite 100
The Woodlands, TX 77380
Work : 281-210-5100
Email : gpacker@newfield.com

Scott Roy

Sr. VP Government Relations, Environmental Compliance, Safety & Security Public/Government Relations
Range Resources Corporation
3000 Town Center Blvd.
Canonsburg, PA 15317
Work : 724-873-3218
Fax : 724-873-3337
Email : sroy@rangeresources.com

Todd Stevens

President & CEO
California Resources Corporation
27200 Tourney Road
Santa Clarita, CA 91355
Work : 818-661-6018
Email : todd.stevens@crc.com

Doug Suttles

President & CEO
Encana Corporation
370 17th Street, Suite 1700
Denver, CO 80202
Work : 720-876-3064
Email : Doug.Suttles@encana.com

William J. Way

President & CEO
Southwestern Energy Company
10000 Energy Drive
Spring, TX 77389
Work : 832-796-2900
Email : bill_way@swn.com

Allen Wright

VP of Public & Government Affairs
Devon Energy Corporation
333 West Sheridan Avenue
Oklahoma City, OK 73102
Work : 405-552-5394
Email : allen.wright@dvn.com

Committee Chairmen 2017-2019**Karl Benske**

Membership & Business Development Committee Chairman
CEO
Haymaker II
5300 Memorial Drive, Suite 500
Houston, TX 77007
Work : 832-380-8240
Email : kb@haymakerllc.com

Claire Chase

Land & Royalty Committee Chairman
Director, Government Affairs
Mack Energy Corp.
11344 Lovington Highway
Artesia, NM 88210
Work : 575-748-1288
Email : claire@mec.com

Bob Fryklund
Supply & Demand Committee Chairman
Chief Strategist- Upstream
IHS Markit
1401 Enclave Parkway, Suite 200
Houston, TX 77077
Work : 713-369-0317
Email : bob.fryklund@ihsmarkit.com

Craig J. Howard
Crude Oil Policy Committee Chairman
President
Howard Energy Corp.
P.O. Box 693, 519 West Third Street
Mount Carmel, IL 62863-0693
Work : 618-263-3000
Fax : 618-262-7085
Email : craig@howardenergycorp.com

Gretchen C. Kern
Environment & Safety Committee Chairman
Senior Environmental Policy Advisor
Pioneer Natural Resources Co.
5205 N. O'Connor Blvd., Suite 200
Irving, TX 75039
Work : 972-969-3936
Email : Gretchen.Kern@pxd.com

Kurt L. Krieger
Natural Gas Committee Chairman
Attorney - Steptoe & Johnson PLLC
Steptoe & Johnson PLLC
707 Virginia Street East
Charleston, WV 25301
Work : 304-353-8124
Fax : 304-353-8180
Email : kurt.krieger@steptoe-johnson.com

Tara Lewis
International Committee Chairman
Director
HEYCO Energy Group
5310 Harvest Hill, Suite 164
Dallas, TX 75230
Work : 713-515-8560
Email : tlewis@heycoenergy.com

Michael C. Linn
Education Committee Chairman
President
MCL Ventures, LLC
JP Morgan Chase Tower, 600 Travis Street, Suite 6510
Houston, TX 77002
Work : 281-404-7440
Email : michael@mclven.com

Jim McBride
Capital Markets Committee Chairman
Founder
JRMcBride & Company, LLC
4126 Riley Street
Houston, TX 77005
Work : 713-444-9950
Email : jim@jrmcbrideco.com

Ronald E. Neal
Offshore Committee Chairman
Co-Founder and Co-Owner
Houston Energy, L.P.
Two Allen Center, 1200 Smith, Suite 2400
Houston, TX 77002
Work : 713-650-8008
Fax : 713-650-8305
Email : ron@houstonenergyinc.com

Donald B. Nestor
Tax Committee Chairman
Owner
Donald B. Nestor, CPA
35 Lincoln Way
Buckhannon, WV 26201
Email : donnestor67@gmail.com

Gregory D. Russell Esq.
Law Committee Chairman
Partner
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
Columbus, OH 43215
Work : 614-464-5468
Fax : 614-719-4935
Email : gdrussell@vorys.com

Bruce H. Vincent
Wildcatters Fund Chairman
CEO
Vincent & Company
306 Terrace Drive
Houston, TX 77007
Work : 713-206-6054
Email : bruce.h.vincent@gmail.com

Creighton A. Welch
Communications Committee Chairman
Government Relations and Communications Advisor
EOG Resources, Inc.
1111 Bagby, Sky Lobby 2
Houston, TX 77002
Work : 832-366-9810
Email : creighton_welch@eogresources.com

CONSTITUTION AND BYLAWS
of the
INDEPENDENT PETROLEUM ASSOCIATION
OF AMERICA

Adopted at the
First Annual Meeting, Fort Worth, Texas
April 19, 1930
(As revised at the Midyear Meeting on June 20, 2008)

ARTICLE I, NAME

The name of the organization shall be "The Independent Petroleum Association of America" (hereinafter the "Association").

ARTICLE II, MISSION

The Association is dedicated to ensuring a strong, viable domestic oil and natural gas industry, recognizing that an adequate and secure supply of energy is essential to the national economy.

ARTICLE III, SCOPE OF ACTIVITY

Section 1. National Organization

The Association shall be organized as a national association.

Section 2. National Issues

It shall be the policy of the Association to limit its activities to matters of a national character, or matters pertaining to or affecting a large number of the oil and gas producing states. The Association shall not participate in any state matters.

ARTICLE IV, MEMBERSHIP

Section 1. Membership Eligibility

Membership in the Association shall be open to any individual, firm, or company whose activities are conducted in a manner that furthers the objectives of the Association, and who subscribes to the Constitution and Bylaws of the Association and the National Oil and Natural Gas Policy adopted by the Association, including policies and programs as to taxes, imports, conservation, environmental protection and government policies. Authority for determining membership is vested in the Board of Directors. Members are approved for membership by the Board and accept membership to begin receiving Association benefits.

Section 2. Membership Classification

The Membership of the Association shall be classified as follows:

- A. Active Member** - An Active Member is an individual approved for membership by the board and who accepts membership. Each Member must be qualified in accordance with the provision of Article IV, Section 1, and be accepted for membership after payment of required dues. Members shall be identified in specific categories in accordance with the amount of dues paid. The designation of Member categories, amount of dues payment required for eligibility in, and specific benefits attributable to each shall be as determined by the Board of Directors.
- B. Participating Member** -Members shall have the right to suggest Participating Members in such number as the Board of Directors shall determine for each Member category. Participating Members' dues are paid by the Member. They may serve in any elective or appointive position except as Chairman, Vice-Chairman or Treasurer.
- C. Honorary Member** -Honorary membership shall be granted for life to each Past Chief Executive Officer of the Association. In recognition of outstanding service to the Association, the Board of Directors may name others as Honorary Members, without the right to vote.

Section 3. Membership Term

The term of membership shall be one year from date of enrollment.

Section 4. Membership Termination

Membership in the Association shall terminate one month after the dues have become delinquent. Membership also may be terminated by voluntary withdrawal or suspension or expulsion by vote of the Board of Directors in accordance with Article XIII.

Section 5. Cooperating Association Designation

Upon its request, any petroleum industry association may be designated a Cooperating Association on the national program of this Association on such terms as may be approved by the Board of Directors provided, however, that such designation shall in no way affect the status of such association as an independent, unaffiliated organization.

ARTICLE V, VOTING

Section 1. Voting Eligibility

Subject to the limitations hereinafter imposed, each Active Member is entitled to vote in any membership meeting. Participating Members may vote in committee proceedings but are not permitted to vote in regional elections or general sessions. Salaried officers of the Association are not entitled to vote.

The official records of the Association will determine the eligibility to vote.

Only Members whose dues are current at least 30 days prior to the date of any regularly called meeting shall be entitled to vote.

ARTICLE VI, ANNUAL DUES

The annual dues for Members shall be an amount in direct relationship to the Member's interest in the petroleum industry. Minimum and maximum annual dues amounts for each category of membership will be determined by the Board of Directors.

The annual dues of Members shall be due and payable in full, upon receipt of a statement setting forth such annual dues.

ARTICLE VII, REGIONS OF THE ASSOCIATION

Section 1. Establishment of Regions

Members of the Association shall be considered assigned to the region where the home office of the Member is located, or in the case of an individual Member, the domicile of such Member. Representatives of a single Member may be assigned to more than one region. Initially there shall be thirty-five (35) regions. The number of regions and configuration of regions shall be reviewed and adjusted from time to time as determined by the Board of Directors. The number and configuration of regions may be changed by the Board of Directors by two-thirds vote without amendment of the Constitution and Bylaws.

Section 2. Purpose for Regions

The purpose of the regions is to promote the recruitment of new Members and the retention of existing Members, the promotion of the Association's mission on a regional level, to provide opportunities for better communication among Members in the same region and to promote any other purposes established by the Board of Directors from time to time. A minimum of four (4) regional membership meetings per year are encouraged.

Section 3. Regional Directors

The regions of the Association shall be managed by the elected Director of such region. The Regional Director shall also act as the liaison for communicating regional concerns to the appropriate bodies of the Association.

Regions will elect their Directors by ballot which will be sent to all dues paying Active Members. Regional Directors will be elected for two (2) year terms which run concurrently with the two (2) year terms of the National Chairman. The elections for Regional Directors shall be held at least thirty (30) days prior to the Annual Meeting in each odd numbered year, and the elected Director for each region shall take office at the Annual Meeting in each odd numbered year.

A Member who is disqualified from serving as a Regional Director by reason of the maximum consecutive term limit and who otherwise meets the eligibility requirements shall again be eligible to serve after the passage of an intervening two (2) year term. Active and Participating Members are eligible to serve on the Board of Directors.

In the event a Regional Director resigns or is otherwise unable to complete his or her term as a Regional Director, a special election shall be held in such region to elect a person to serve the remaining portion of such term. Such special election shall be held as soon as practicable after the incumbent Regional Director resigns or the Board of Directors determines that the incumbent Regional Director is unable to complete the remainder of his or her term.

ARTICLE VIII, GOVERNING BODIES

Section 1. Board of Directors

The Board of Directors shall manage the affairs of the Association in accordance with the mandates of the membership adopted at Annual, Midyear, and Special Membership Meetings.

The Board of Directors may act as the legislative body of the Association. The Board of Directors shall determine the policy of the Association and exercise all other powers vested in the membership, except the power to rescind actions of the membership. The Board of Directors shall fill vacancies in any elective office, other than the Regional Directors. The Board of Directors shall approve the annual budget and provide for an annual audit of the accounts. As provided in Article IX, Section 7, the Board of Directors shall also appoint and employ the President & CEO, Secretary and other officers of the Association.

Section 2. Executive Committee

The Executive Committee shall have authority to manage the affairs of the Association in accordance with mandates of the Board of Directors, implement policy, amend the budget, and make recommendations to the Board of Directors for filling vacancies in any elective office other than the Regional Directors. Between meetings of the Board of Directors, the Executive Committee shall act as the legislative body of the Association and shall have the authority to take any action which the Board of Directors is authorized to take, other than the election of officers and filling vacancies in an office, if the Executive Committee determines that such action cannot wait for the next meeting of the Board of Directors.

ARTICLE IX, SELECTION OF GOVERNING BODIES AND NATIONAL OFFICERS

Section 1. Eligibility

Any Active or Participating Member in good standing shall be eligible to hold any office or position in the Association governing bodies and committees provided, however, only Active Members shall be eligible for election as Chairman, Vice-Chairman or Treasurer.

Section 2. Board of Directors

The Board of Directors shall consist of the following voting members: the National Chairman, Vice-Chairman, Treasurer, and Immediate Past National Chairman of the Association; the elected Directors from each of the regions of the Association; the Chairman of each Committee including the Chairman of the Wildcatters Fund; and up to twelve (12) 'at-large' members who are appointed by the Chairman and approved by the Board of Directors.

Designated seats on the Board of Directors shall be reserved for the Chairman of the National Stripper Well Association and the Chairman of the Domestic Petroleum Council. If the Chairmen of such associations elect to serve on the Board of Directors they shall be voting members of the Board. If one or both of the Chairman of such designated associations decline membership on the Board for any periods of time, such person shall not, during such period of time, be included in determining the number of Board Members that constitute a quorum of the Board.

The President & CEO and the Secretary of the Association shall be ex-officio members of the Board of Directors, but shall not be entitled to vote.

Not more than one representative of any one company may serve on the Board of Directors except in the case of Committee Chairmen. If more than one representative from any one company is elected or appointed to a position other than Committee Chairman entitling such persons to serve on the Board of Directors, the member company that such individuals represent shall determine which individual shall continue to serve on the Board of Directors.

The Chairman shall serve as Chairman of the Board of Directors. The Board of Directors shall elect a secretary, who may be an officer of the Association and need not be a member of the Board of Directors.

Members of the Board of Directors will serve a two (2) year term which is concurrent with the National Chairman's term. A Member may be elected or appointed to not more than four (4) consecutive two (2) year terms on the Board of Directors unless such member becomes qualified to serve on the Board of Directors because he or she is appointed to chair a committee of the Association, in which case the person may serve as a member of the Board of Directors during his or her term as Committee Chairman. Such limitation shall not apply to the national officers who serve as ex-officio members of the Board, to the designated members of the Board or to a person serving on the Board of Directors in the capacity as Immediate Past National Chairman. No member of the Board of Directors shall be eligible for re-election or re-appointment by the National Chairman unless such member attended at least fifty (50) percent of all duly called meetings during such member's current term of membership on the Board of Directors. A Member who is disqualified from serving on the Board of Directors by reason of the maximum consecutive term limit or the failure to attend fifty (50) percent of the Board's meeting and who otherwise meets the eligibility requirements shall again be eligible to serve after the passage of an intervening two (2) year term. A member of the Board attending a meeting by telephone shall be counted as in attendance, but a member of the Board voting at a

meeting by proxy shall not be counted as in attendance for purposes of determining the percentage of meetings attended.

Section 3. Executive Committee

The Executive Committee shall consist of the following members: the Chairman, Vice-Chairman, Treasurer and the Immediate Past Chairman of the Association; three (3) members of the Board of Directors who are elected by a majority vote of the Board of Directors; and two (2) members of the Board of Directors appointed by the National Chairman whose membership on the Executive Committee is approved by a majority vote of the Board of Directors. Additional Executive Committee members may be appointed by the Chairman with the advice and consent of the Board.

The President & CEO and Secretary of the Association shall serve as ex-officio members of the Executive Committee. Not more than one representative from the same company may serve at the same time on the Executive Committee.

Members, other than the Member serving in his or her capacity as the Immediate Past National Chairman, may be elected or appointed to not more than four (4) consecutive two (2) year terms on the Executive Committee. Such limitation shall not apply to National Officers who serve as ex-officio members.

Section 4. Chairman, Vice-Chairman and Treasurer

At the Annual Meeting in each odd numbered year, at the recommendation of the Nominating Committee, the then Board of Directors shall elect Chairman, Vice-Chairman and Treasurer. The Chairman, Vice-Chairman and Treasurer so confirmed shall immediately enter upon the performance of their duties and continue in that capacity for the following two years, or until their successors are elected and confirmed.

Section 5. Approval of Chairman's Nominations and Committee Chairman

Following the election of the new National Officers, the members of the Board of Directors shall, by majority vote, approve the members of the Board recommended by the National Chairman, and the Committee Chairman.

Section 6. President & CEO, Secretary and Other Officers

The members of the Board of Directors shall, by a majority vote, appoint and employ the President & CEO, Secretary and such other officers of the Association as the Board shall determine. Any officer, other than the Chairman, Vice-Chairman and Treasurer, may be a staff person. These officers shall enter upon the performance of their duties immediately upon appointment.

ARTICLE X, DUTIES OF THE NATIONAL OFFICERS

Section 1. Chairman

All officers of the Association shall function in their respective capacities subject to the direction of the Chairman and the Board of Directors. The Chairman (including any other person acting as chairman) shall not vote at a meeting of the Board of Directors or Executive Committee, except for the purpose of breaking a tie vote. The Chairman shall be a member ex-officio, with a right to vote, of all committees. The Chairman shall appoint all the members of the Finance Committee with the approval of the Board Of Directors. Other duties of the Chairman are specified in other sections of the Bylaws.

At the Annual Meeting and at such other times as he or she shall deem proper, he or she shall communicate to the Association and to the membership such matters and make such suggestions as may, in his or her opinion tend to promote the welfare and increase the usefulness of the Association. He or she also may call such special meetings of the membership, or the Board of Directors as he or she deems necessary. He or she shall preside at all scheduled and special meetings of the membership, the Board of Directors and the Executive Committee. He or she shall perform such other duties as are necessarily incident to the office of the Chairman of the Association or as may be prescribed by the Board of Directors. In the event of the incumbent Chairman's death or disability, the Vice-Chairman will succeed to the chairmanship of the Association.

Section 2. Vice-Chairman

The Vice-Chairman shall perform such duties as are assigned to him by the Chairman. In the event of the Chairman's absence, the Vice-Chairman shall preside at all scheduled and special meetings of the membership, the Board of Directors and the Executive Committee.

Section 3. President & CEO

The President & CEO shall be the Chief Executive Officer of the Association, responsible for all management functions. He or she shall manage and direct all activities of the Association as prescribed by the Board of Directors and shall be employed and accountable to the Board of Directors. He or she shall employ and may terminate the employment of members of the staff necessary to carry on the work of the Association and fix their compensation within the approved budget. As Chief Executive Officer, he or she shall define the duties of the staff, supervise their performance, establish their titles and delegate those responsibilities of management as shall, in his or her judgment, be in the best interest of the Association.

Section 4. Treasurer

The Treasurer shall serve as chairman of the Finance Committee. The Treasurer shall be in charge of the funds and securities of the Association. However, the following provisions shall be mandatory: All funds and securities received by the Treasurer shall be deposited in such banks or trust companies as the Board of Directors may approve; the Treasurer shall disburse funds as authorized by the Board of Directors and approved by the President & CEO or such other officer as the Board of Directors may designate; the Treasurer shall render a financial

report at every regular meeting of the Board of Directors, or when otherwise directed to do so by the Chairman, which report shall reflect the financial affairs of the Association. The duties of the Treasurer, with the approval of the Board of Directors, may be assigned in whole or in part to a person of his or her choice. At the expiration of his or her term in office, the Treasurer shall deliver to his or her successor all books, moneys, and other property, or in the absence of his or her successor, to the Chairman.

Section 5. Secretary

The Secretary shall perform the duties which relate generally to the office of the Secretary. The Secretary may, with the consent of the Board of Directors or Executive Committee, as appropriate, delegate the duty to record the minutes of a meeting of any body of the Association to a person (or persons) appointed by the Secretary.

Section 6. Bonding

All officers or employees whose duties require the handling of funds or property of the Association shall furnish good and sufficient bond to the Association in such amounts and in such companies as may be required by the Board of Directors, the expense of such bond to be borne by the Association.

Section 7. Inspection of Books and Records

All funds, books, vouchers, brochures, and other financial records of the Association shall be subject to inspection at all reasonable times by the Board of Directors, the Executive Committee, the elected officers and any Active Member of the Association.

ARTICLE XI, MEETINGS OF THE ASSOCIATION

Section 1. Membership

There shall be an Annual and a Midyear Meeting of the membership at a location and time approved by the Board of Directors.

Notice of such Annual and Midyear meetings shall be given by publication in the official organ of the Association, at least fifteen (15) days in advance.

If it is impractical, in the opinion of the Board of Directors, to hold either an Annual or Midyear Meeting of the Association, the Board of Directors shall have the authority to submit questions of policy to the membership by mail.

A majority of the Active Members present whose dues were paid thirty (30) days prior to any Annual, Midyear, or Special meeting shall constitute a quorum.

Section 2. Board of Directors

A regular meeting of the Board of Directors shall be held not less than three (3) times each year at any time the Board of Directors may determine.

A majority of the voting members of the Board of Directors shall constitute a quorum.

Any member of the Board of Directors unable to attend a meeting of the Board of Directors in person or by telephone may designate his or her proxy in writing.

Section 3. Executive Committee

Meetings of the Executive Committee shall be held at least four (4) times each year at such time as the National Chairman shall determine a majority of the voting members of the Executive Committee shall constitute a quorum. A member of the Executive Committee who is unable to attend in person or by telephone may designate his or her proxy in writing.

Section 4. Special Meetings

Upon written requests of 250 Active Members of the Association a special meeting of the Members of the Association may be called for the consideration of only such subjects as specified in such requests. Notice of such meeting shall be mailed to each Member at his or her last recorded address at least ten (10) days in advance, with a statement of the time, place, and the subjects to be considered.

Section 5. Special Board of Directors Meetings

Upon the request of the National Chairman or the written request of seven (7) voting members of the Board of Directors, a special meeting of that Board shall be called by the Secretary. Notice of such meeting shall be given at least twenty-four (24) hours prior to such special meeting.

Section 6. Rules of Order

The order of procedure and parliamentary proceedings at each meeting of the Association, Board of Directors, and the Executive Committee shall be governed by the latest edition of Robert's Rules of Order except where they may be in conflict with these Bylaws and such special rules as may from time to time be promulgated by said body.

Section 7. Resolutions, Special Expenditures

Any resolution, motion or request pertaining to Association policy (except those of a ceremonial nature) or proposals for the expenditure of Association funds in excess of \$10,000 not previously provided for in the approved budget, first shall be presented, in writing, to the Finance Committee. Further action may be by the Board of Directors.

Section 8. Area Meetings

Area meetings of the Association may be held during each year throughout the country for the purpose of acquainting the membership with the work of the Association and determining the wishes of the constituency in matters of concern to the industry. These meetings shall be held at a time and place agreeable to the Regional Governor.

ARTICLE XII, COMMITTEES

Section 1. General

The Association shall maintain a strong committee system for the purpose of promoting the Association's mission. Committees of the Association shall consist of a Nominating Committee, a Finance Committee, a Program Committee and such other committees as the Chairman, with the approval of the Board of Directors, may designate.

Section 2. Governance of the Committees

The Chairman of all Committees, except the Nominating Committee, Finance Committee and Program Committee, will be appointed by the National Chairman, with the approval of the Board of the Directors. The Chairman of each committee may, but shall not be required to, appoint one or more Vice-Chairman for his or her committee. Each Committee Chairman shall report on the matters entrusted to said Committee whenever requested to do so by the National Chairman. The Committee Chairman shall appoint Steering Committees for their Committees, consisting of [approximately eight to twelve] members, with the advice and consent of the National Chairman. The Steering Committees will recommend policies, develop agendas and programs for committee forums and hold forums either at national meetings or at sites around the country.

Chairmen of all Committees, except the Nominating Committee as specified hereafter, shall not serve more than four (4) two (2) year terms in the same capacity, after which they shall not be eligible for reappointment for one year. The various committees may establish technical advisory groups.

Section 3. Finance Committee

The Treasurer shall act as Chairman of the Finance Committee. The Finance Committee shall review and revise the annual budget prepared by the Association's staff. The Chairman of the Finance Committee shall present the budget approved by the Finance Committee to the Board of Directors at the annual meeting. The Board of Directors shall have final authority for review and approval of the budget.

Section 4. Nominating Committee

The Nominating Committee shall be composed of six (6) voting members; including the Chairman of the Association, three (3) elected by the Board of Directors from the Board, and two (2) Active Members appointed by the National Chairman with the approval of the Board of

Directors. The Committee will be chaired by the Immediate Past Chairman with voice, but no vote.

Members of the Nominating Committee shall serve no more than four (4) consecutive two (2) year terms, after which they shall not be eligible for re-appointment for one year.

It shall be the duty of the Nominating Committee to present to the Board of Directors nominations for the offices of National Chairman, National Vice-Chairman, and Treasurer not less than 30 days prior to the annual meeting in each odd numbered year. The Board at the Annual Meeting shall accept or reject the recommendation of the Nominating Committee.

Section 5. Program Committee

The National Vice-Chairman shall act as Chairman of the Program Committee. The members of the Program Committee shall be the National Chairman, Chairman of the other committees and such additional persons as the National Chairman shall appoint. The Program Committee shall be responsible for coordinating with the staff of the Association to further the Association's goal of making all meetings and programs timely, relevant and of interest to Members.

Section 6. Special Committees

The Chairman shall appoint such special committees as the Board of Directors may direct and shall outline the duties of such committees. He or she also shall direct the chairmen of such committees as to when and to whom they are to report.

ARTICLE XIII, SUSPENSION

Any Member may be suspended or expelled from membership for sufficient cause by a two-thirds vote of the Board of Directors. Any Member against whom charges are brought shall be informed in writing of the charges, and have the right to request a hearing before the Board of Directors, which hearing shall be held, to consider the charges against the Member, before any suspension or expulsion.

ARTICLE XIV, INDEMNIFICATION

Any person made a party to any action, suit or proceeding by reason of the fact that he or she is or was a Director, officer or employee of the Association or of any corporation in which he or she served as such at the request of the Association, shall be indemnified by the Association against the reasonable expenses, including attorney's fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Director, officer, or employee acted in willful violation of the performance of his or her duties.

ARTICLE XV, SEAL

The Association may have a seal of such design as the Board of Directors may adopt.

ARTICLE XVI, AMENDMENTS

This Constitution and Bylaws may be amended, repealed, or altered in whole or in part, by a two-thirds vote of the Active Members present at any Annual Meeting, or at any Midyear or Special Meeting of the Association, provided that the required notice of such Midyear or Special Meeting shall embody a general statement of the action proposed to be taken. Bylaws will be revised to reflect changes in structure and governance of the Association.

Capital Markets

Chairman: Jim McBride
Staff Liaison: Bob Jarvis

Activities

The Capital Markets Committee continues to focus on the following annual programs that highlight potential networking synergies in the capital markets arena: the IPAA Oil and Gas Investment Symposia (OGIS) in New York, the Private Capital Conference in Houston in January, and periodic regional capital programs as appropriate.

Update

The Oil & Gas Investment Symposium 2019 - New York was held April 8-9 at the Sheraton New York Hotel and Towers in New York. About 30 companies presented their investment stories. Total attendance was 800+ including more than 500 analysts. More than 300 total one-on-one meetings were held as part of the event. Sponsorship totaled about \$150. The 2020 OGIS NY is scheduled for April 20-22. In 2020 we will continue to push to attract private companies that may be interested in going public in the coming months.

The 2019 IPAA Private Capital Conference was held January 24, 2019 at the JW Marriott, Galleria, Houston, TX. The event featured a keynote by Jay Graham, CEO of Wildhorse Energy. This year's Chairman was David Baggett, Managing Partner of Opportune LLP. In 2019, more than 400 people attended (compared to 390 in 2018) and the event raised about \$150 in net revenue to the Association. The conference continues to allow non-public members to showcase their activities and to engage private capital providers that usually don't support the public-market-focused OGIS franchise.

The 2020 IPAA Private Capital Conference is scheduled for January 23 at the JW Marriott, Galleria, Houston, TX. Efforts are currently under way to identify a chairman for the event.

Committee Meetings. A Capital Markets committee meeting was held at the IPAA Annual Meeting. Meeting topics of discussion included Private Capital Conference content and possible ways to increase OGIS presentation participation.

Action

No action is required at this time.

Communications

Chairman: Creighton Welch
Staff Liaison: Jeff Eshelman

Ongoing Activities

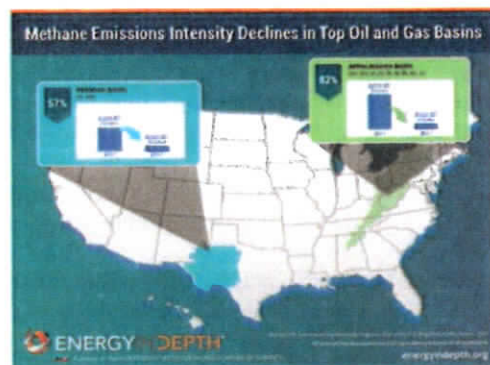
News and Social Media. IPAA has served as a clearinghouse of information for the news media and social media. One of the most effective ways to reach new audiences, including Millennials, is to employ the same tools they are using to digest new information and form opinions. By using online grassroots methods like Facebook, Twitter, Instagram, etc., both employees and companies alike can help reframe the narrative about the U.S. oil and gas industry. IPAA shares industry news and new creative content with our followers on a daily basis. We encourage you to follow IPAA on social media using the links below and help us tell the story of the many benefits of affordable, reliable American energy by sharing IPAA's posts with your friends and family.

Social media numbers (+ increase since June)

- [Facebook.com/IPAAaccess](https://www.facebook.com/IPAAaccess)
 - Followers/Likes: 2,595 (+170)
- [Facebook.com/EnergyinDepth](https://www.facebook.com/EnergyinDepth)
 - Followers/Likes: 84,075 (+2,000)
- [Twitter.com/IPAAaccess](https://twitter.com/IPAAaccess)
 - Tweets: 7,307 (+500)
 - Followers: 13,600 (+800)
- [Twitter.com/EnergyinDepth](https://twitter.com/EnergyinDepth)
 - Tweets: 21,700 (+1,400)
 - Followers: 57,200 (+2200)
- [LinkedIn.com/companies – IPAA](https://www.linkedin.com/companies-ipaa)
 - Followers: 2,077 (+200)

Energy In Depth (www.energyindepth.org). Launched in May 2009, EID has grown into what many now consider the industry's lead research and rapid response platform on issues relating to onshore oil and natural gas production, and in particular the development of natural gas from shale. The main focus of EID has evolved into addressing the "Keep It in the Ground" movement. It is financed from individual company donations. Priorities for 2019 include local bans and moratoria, seismicity, climate, health and methane issues. A new mobile website was also launched.

- **EID Climate** was launched to counteract the growing "Keep it in the Ground" movement's newest strategy to use climate change as a weapon to silence dissent and shut down American energy production. The campaign's website is www.EIDCLIMATE.org.
- **EID Health** campaign continues to issue original research highlighting the contributions of natural gas to cleaner air, as well as a rapid response program to counter claims that exploration and production is a detriment to better public health. The campaign's website is www.EIDHEALTH.org.



Fossil Fuel Divestment Campaign (www.divestmentfacts.com). IPAA is taking the lead on the issue of fossil fuel divestment – a movement that tries to force universities, pension funds and others to “divest” of any fossil fuel investments. DivestmentFacts.com, provides the facts and numbers behind why this movement is all cost with no environmental gain. It is funded by non-dues, voluntary member contributions. This campaign is also educating students on the costs of divestment.



- This year, the campaign was featured in major newspapers, including *Crain's New York Business*, *Baltimore Sun*, *New York Daily News*, *Financial Times*, *The Hill*, among others.

Endangered Species Watch (www.esawatch.org). IPAA government relations and communication teams are disseminating news, regulations and issue alerts to member companies, affiliated industries and policymakers.

A weekly newsletter is sent every Friday and morning news clips are sent every week day. The website includes fact sheets, a primer, news and interactive maps that depict regional concerns.

Energy Tax Facts (www.energytaxfacts.com). In 2013, IPAA launched Energy Tax Facts, a campaign that explains the often complicated tax provisions and policies that apply to American independent oil and natural gas producers.



On the site you will find a short video on the real facts behind American energy, fact sheets, resource material, video testimonials, and more. The site will be frequently updated with new features and information to educate policymakers and the public on the facts about domestic energy production and the U.S. tax code. Video testimonials from IPAA members have recently been posted and the website has received thousands of visitors.

Grassroots. IPAA's grassroots network of over 50,000 participants is growing and receiving *Issue Alerts*, urging a call to action on important issues and legislation.

Press Secretaries. IPAA continues to maintain a steady stream of communication with over 200 congressional press secretaries and communications directors in the Congress and government agencies.

Member Communications. The public affairs and communications department is responsible for all communications with prospective and current members. These communications include everything from "invoice" letters to the following:

- **Issues and Insight.** Weekly e-newsletter that details developments in Washington and IPAA actions around the country. This is e-mailed to every member.
- **IPAA Activities Updates.** A special memo from IPAA President Barry Russell that is issued as circumstances warrant.
- **IPAA Access.** The association's magazine – highlights IPAA's special events and activities nationwide. We have added a third issue this year (previously published twice a year).
- **Energy in Depth Morning News Clips**
- **EID Weekly Roundup (Sunday).**

Emerging Leaders Program. IPAA offers special memberships for professionals under 35. As part of the emerging leaders program, these IPAA members engage in social networking at events throughout the country, industry policy briefings, and guest lecture programs.

Industry and Coalition Relations / Communications Coordination. IPAA staff has been working closely with the American Gas Association, Interstate Natural Gas Association of America and the Natural Gas Supply Association on common industry messaging through the Natural Gas Council. We also coordinate with other industry associations including API, AXPC, NOIA and the American Fuel & Petrochemical Association (refiners), as well as the state cooperating associations.

- IPAA is also involved in the **Communications Advisory Council**, a group of companies and all trade groups to help coordinate activities and share research and develop "best practices and strategies."
- IPAA serves on the steering committee of the new **Joint Trades Group on Industry Coordination and Communication**. This group of more than 100 companies and trade associations will hold semi-annual meetings to discuss messaging and campaign strategy. The most recent meeting was held in Nashville during May and the next group meeting is in Washington DC this November.

Action

- Follow IPAA on social media and share our posts with your friends and family.
- Consider a contribution to the Energy in Depth program.
- Stay up to date by participating in the Joint Trades Group on Industry Coordination and Communications.

Crude Oil Policy

Chairman: Craig Howard
Staff Liaison: Susan Ginsberg, Ryan Ullman

Issues

IPAA continues to stress the importance of a robust American crude oil exploration and production industry. Regulatory and legislative activity that impacts crude oil producers will be priorities. IPAA supports funding for the Department of Energy's (DOE) oil and natural gas research and development technologies programs.

The Department of Transportation's (DOT's) Pipeline and Hazardous Materials Safety Administration (PHMSA) issued a final rule in early 2017 on Safety of Hazardous Liquid Pipelines, but it was withdrawn, as it was not published prior to the beginning of the Trump Administration. DOT on October 2, 2017 invited the public "to provide input on existing rules and other agency actions that are good candidates for repeal, replacement, suspension, or modification." This is part of the Trump Administration's efforts for agencies to review existing regulations and other agency actions to evaluate their continued necessity, determine whether they are crafted effectively to solve current problems, and evaluate whether they potentially burden the development or use of domestically produced energy resources. IPAA submitted recommendations for PHMSA to rescind its sampling and testing program for transportation of crude oil to allow for input by affected parties.

Update

IPAA has engaged in several efforts to reform a variety of regulatory challenges faced by independent producers. IPAA has been in discussions with the Administration, Department of Interior, Environmental Protection Agency, Department of Transportation, and Members of Congress to identify and eliminate duplicative and ineffective regulations at each level. IPAA continues to work with Congress to develop a regulatory reform package that can be signed by the President.

Cutting across several committees is IPAA's efforts to push back on steel and aluminum tariffs and quotas that would limit the availability of Oil Country Tubular Goods and line pipe. In comments and in private meetings, IPAA has expressed concern to the Administration, including the Office of the U.S. Trade Representative (USTR), over the implications of tariffs, with increased costs to America's independent producers that limit the ability to increase production of oil and natural gas. However, IPAA particularly has emphasized the harm that will come from quotas, which can restrict availability of steel and aluminum, regardless of price. IPAA discussed the South Korean quota model that used the 2015-2017 baseline for determining the quota limit. The use of 2015 and 2016 skews the baseline because of the significant industry downturn during those years.

PHMSA issued a final rule on January 23, 2017, "Pipeline Safety: Safety of Hazardous Liquids Pipelines." However, the publication in the Federal Register occurred after the date requiring review under the Trump Administration. Although the rule was withdrawn, the final rule stated that PHMSA "determined that in order to decide whether and to what extent to regulate gathering lines, as permitted by Congress..." PHMSA would need further information from gathering lines. This finding is significant, as it acknowledged that, absent further data, PHMSA lacked congressional authorization to impose additional regulations on gathering lines. According to DOT's Significant Rulemaking report, PHMSA plans to publish the final rule in the Federal Register in late June, with a late July effective date.

The FY20 appropriations process has only recently begun in earnest. The House has yet to consider any single appropriations bill on the floor and the Senate is behind. Within the Energy and Water Subcommittee account, the committee recommends \$48 million for natural gas research and development and \$30 million for oil technologies. These represent reductions below FY19 levels of \$3 million and \$16 million respectively.

Action

No action is required at this time.

Environment and Safety

Chair: Gretchen Kern
Staff Liaisons: Susan Ginsberg, Ryan Ullman, Lee Fuller

Issues

The Environment and Safety Committee has been focusing on several regulatory and legislative issues. Among these are: (1) environmentalist initiatives on federal laws and (2) monitoring and follow up on regulations.

Update

The Trump Administration has initiated aggressive environmental policy reforms to address regulatory burdens. Many of these involve revisiting environmental policies and regulations issued by the prior administration. At the same time, "Keep It in the Ground" environmental groups will attempt to thwart these actions through legal challenges at the federal level and movement to revise state regulations. IPAA has been actively proposing actions to the Administration and addressing issues in litigation.

Foremost among these responses are actions related to the Environmental Protection Agency (EPA) regulations on methane emissions. These regulations were challenged by IPAA and its coalition of national and state trade associations. EPA's proposed revisions to its methane regulations are scheduled for completion in 2019; IPAA submitted comments and met with EPA on recommended changes. Separately, EPA is considering revising the regulations from methane to volatile organic compounds (VOC). However, EPA action to withdraw its companion regulatory initiative – a Control Techniques Guideline (CTG) for existing sources of VOC – has not moved. IPAA will continue to respond to the EPA initiatives and anticipates litigation on them.

IPAA identified a number of additional issues in comments to EPA for possible regulatory relief. Among these is action to confirm that EPA does not need to develop federal regulations under Subtitle D of the Resource Conservation and Recovery Act (RCRA). IPAA worked with key state regulatory organizations – the Interstate Oil and Gas Compact Commission and the Ground Water Protection Council – to get EPA to reject RCRA regulation under Subtitle D.

Revisions to the definition of "waters of the United States" (WOTUS) in the Clean Water Act (CWA) continue to be a key issue. EPA and the Corps of Engineers proposed a rule to rescind the Obama Administration Clean Water Rule and re-codify the regulatory text that existed prior to 2015 defining WOTUS. IPAA joined with other national trade associations supporting the revised regulations. Currently, 22 states are using the Obama rule while the others are not; court cases continue in an effort to get a nationwide stay of the Obama rule until the revised rule can be finalized.

EPA has initiated an effort to evaluate the potential and feasibility of using treated produced water as a management option under the CWA. Currently, CWA regulations largely prohibit the direct or indirect discharge of produced water other than agricultural/wildlife uses West of the 98th meridian. IPAA is working with member companies and other trade associations to engage on this complicated issue.

While the Occupational Safety and Health Administration (OSHA) continues to assemble its staff and develop its regulatory agenda, IPAA continues to engage with the agency and highlight several issue areas it believes should be addressed in the months ahead. Last year, OSHA began a rulemaking to revise the manner in which workplace injuries and illnesses are tracked. The purpose of this rulemaking is to ease the regulatory burden and complexity of tracking injuries and illnesses. The rule is expected to be finalized in the summer of 2019. IPAA continues to work on other issues including: OSHA's Multi-Employer Workplace Doctrine; inclusion of the oil and natural gas sector in the Severe Violator Enforcement Program; Process Safety Management.

Action

No action is required at this time.

International

Chairwoman: Tara Lewis
Staff Liaison: Frederick Lawrence

Issues

The International Committee has been focused on three primary areas for the membership: education, business and relationship development and policy. The Committee's mission is to educate members on international practices, inform countries on evolving independent interests and preferred terms and monitor policy developments that affect independents operating internationally.

Update

The International Committee has continued to shift its resources towards the provision of international educational and analytical resources for its members in addition to more country-specific business development. This shift involves further development of international networking in addition to IPAA's hosting of international representatives for our Midyear/Annual meetings and providing information regarding country-specific opportunities.

The 2018 Annual Meeting featured Argentina E&P Opportunities for the International Pre-Reception event (hosted by IAPG – Instituto Argentino del Petroleo y Gas) and was attended by over 100 interested individuals. IAPG also came in as a sponsor of the Annual Meeting. The two-hour session hosted the Energy Secretary of Argentina, Javier Iguacel, as well as various company representatives highlighting oil and gas E&P opportunities in Argentina. Speakers included Miguel Gutierrez, CEO of YPF, Carlos Ormachea, CEO of Tecpetrol, Alberto Saggese, CEO of YGY, Gaston Remy, CEO of Vista Oil & Gas Argentina, Anuj Sharma, CEO of Phoenix Global Resources and Mariano Gargiulo, VP of Oil & Gas Services for IAPG. Presentations are available upon request.

In 2018 (and 2017), Fred Lawrence spoke in Washington, D.C. to a visiting delegation from the U.S. Energy Management Seminar/ESCP Europe Business School about the role of independents in the evolving global energy markets. He also spoke at the 4th London and Washington Oil & Gas Forums in 2018 on Exports and Infrastructure for U.S. oil and natural gas with a perspective on independent producers. He met with representatives of the Australian Government in June to discuss the Oil-Ticketing Program, which is a mechanism to meet IEA stock compliance through an oil reservation contract (in the U.S.) with participating U.S. companies.

At the 2017 Annual Meeting, Omar Gutierrez, the Governor of Neuquen Province in Argentina provided a presentation about E&P opportunities in Argentina (Vaca Muerta shale) at the International Pre-Reception. In addition, Kristine Klavers of Argus gave a presentation on "International Markets for Crude, Refined Products and LPG." Tara Lewis represented the IPAA at the 2nd and 3rd London Gas & LNG Forum in 2017 (and 2016) in London.

The International Committee has hosted numerous International Receptions at the IPAA Midyear and Annual Meetings over the past five years. Members heard from various company, government and country representatives about E&P activity and trends taking place overseas as well as business opportunities for U.S. companies. Speakers included: Julius Svoboda, International Trade Specialist at the Department of Commerce and Rafael Quijano, RDS-Field Development at Baker Hughes on Mexico at the 2013 Midyear Meeting; Dave Smith from Newfield Exploration and Bud DeCoste from Schlumberger on Malaysia at the 2013 Annual Meeting; Burk Ellison from DNOW and Sean Conley from EY on the UK at the 2014 Midyear Meeting. For the 2015 Midyear Meeting, Adam Longson from Morgan Stanley discussed energy macro, supply/demand fundamentals, financing, hedging and pricing issues. At the 2015 Annual Meeting, Jon Marsh Duesund of Rystad Energy discussed the global macro environment and oil price trajectory. IPAA has met with delegations from Argentina,

Australia, Canada, Brazil, Japan, South Korea, China, Finland, Spain, UK, Iraq, Yemen, the Czech Republic, Romania and Israel.

Action

No action required at this time.

Land & Royalty

Chairman: Claire Chase
Staff Liaisons: Mallori Miller, Dan Naatz

Issues

The Land & Royalty Committee is committed to increasing access to federal lands for independent producers and will coordinate activities among national, regional, and state industry associations who have an interest in these important issues. The Committee continues to work with the Trump Administration, specifically the Department of the Interior (DOI), to improve and expand production on federal lands. However, questions remain regarding the status of current industry litigation, future industry options and the tactics the environmental community will utilize to oppose the Trump Administration's regulatory reforms.

IPAA welcomes the Trump Administration's efforts to make American energy dominance a cornerstone of Administration policy and believe having reliable access to federal lands is key to achieving that goal. The federal land management agencies and oil and gas producers need to work together to find solutions that will create significant economic benefit to the federal government and the states. The Committee also supports legislative proposals to maintain or increase access to federal lands. We continue to work with both the House Natural Resources Committee and the Senate Energy and Natural Resources Committee to educate members and staff on oil and gas benefits to their states and help develop legislation that will reduce permit times and help independent producers access federal lands for oil and natural gas exploration and development.

IPAA remains engaged in several ongoing legal challenges to Obama-era regulations including the nation-wide hydraulic fracturing regulations and the venting and flaring regulations for federal land. IPAA's win on the hydraulic fracturing lawsuit has found its way to the Northern District of California after CA, NM, and various ENGO's sued the Trump Administration for their repeal of the Obama rule. Since 2015 – and using the Obama Administration's own calculations – IPAA's litigation efforts on hydraulic fracturing have resulted in costs savings to industry approaching \$100 million (at least \$11,500 for every well completed on federal lands since March 2015). Similarly, the Trump Administration's repeal of the Obama rule on Venting and Flaring has landed in the same venue in the California court system. IPAA, in conjunction with the Western Energy Alliance will continue to fight against these regulations and we anticipate both cases to pick up momentum in the fall of 2019.

IPAA has been engaged with DOI on a number of other regulatory issues that are of interest to federal land producers. Efforts to fix problems with the Obama-era Onshore Order 3, 4, and 5 rules continue to take priority with IPAA meetings with DOI officials. Furthermore, IPAA continues to push for revised and clarified language to Obama-era Office of Natural Resources Revenue (ONRR) regulations including issues on marketable conditions and civil penalties.

The Committee continues to engage on several wildlife issues through IPAA's ESA Task Force. The Committee is closely tracking many species being reviewed for listing at the U.S. Fish and Wildlife Service including the dunes sagebrush lizard, the lesser prairie chicken, and many others. IPAA is anticipating the release of new language from the Administration regarding the Migratory Bird Treaty Act as well as the proposed downlisting of the American Burying Beetle. The Committee is also involved in efforts to improve the ESA and it has been an integral player in helping develop new legislative text with the House and Senate. IPAA supports increased transparency in the listing decisions made from sound science, limiting the amount of taxpayer dollars spent on litigation and expanding the role of states in the listing and recovery process.

Update

The Committee remains dedicated to working with the Department of the Interior to support and promote the safe and responsible development of the nation's oil and gas resources on federal lands. The industry has an outstanding record of protecting the land and the environment while operating and producing oil and natural gas on public lands. We believe states have been effectively regulating oil and natural gas production in these same areas without the burdensome requirements proposed by the agency and see little need for increased federal overregulation.

The Committee held a forum on ONRR regulations in conjunction with the BakerHostetler legal team on May 1, 2019. The Committee will hold a Land and Legal Issues Summit at the 2019 Mid-Year meeting which will address issues involving energy development and the challenges facing both producers and consumers of oil and natural gas in the United States due to the ESA, federal lands issues, and environmental issues as well as feature speakers from 4 prominent state trade associations.

Action

No action required at this time.

June 2019

Update

The IPAA Law Committee continues to work with the IPAA Pipeline Safety Work Group to track developments and comment on pipeline safety initiatives of the Department of Transportation's (DOT's) Pipeline and Hazardous Materials Safety Administration (PHMSA).

The law committee has been actively engaged, as a result, in the American Petroleum Institute's (API's) efforts to respond to a PHMSA initiative to eliminate the use of RP80 for determining where non-jurisdictional production operations end and potentially-jurisdictional gathering operations begin. PHMSA originally proposed this initiative due to a belief that RP80 lacks clarity that results in its inconsistent application, particularly with respect to incidental gathering. Following an unsuccessful ballot initiative to adopt certain revisions to RP80 that would have imposed pipeline safety regulations further upstream, API is now considering (i) a more moderate revision of RP80 and (ii) the adoption of a new recommended practice intended to contain risk-based provisions for onshore gathering lines in rural areas. Two members of IPAA's pipeline safety work group are co-chairing API's efforts to revise RP80. In light of these efforts, PHMSA has suggested to the Gas Pipeline Advisory Committee (GPAC) that it consider withdrawing the proposed changes to the definition of gathering from the rulemaking at this time and monitor the outcome of the API working group effort (taking up the potential need for any changes at a later date).

The law committee also continues to monitor and participate in other PHMSA initiatives, including PHMSA rulemakings addressing the potential to regulate farm taps on upstream production lines at both the federal and state levels (there is at least one contemporary interpretation letter from PHMSA stating, "Because 'farm taps' meet the definition of service lines, piping and appurtenances that comprise a 'farm tap' that are owned or maintained by an entity engaged in the transportation of gas, are subject to the requirements of Parts 191 and 192 as a distribution service line."). PHMSA recently announced that it was exercising its enforcement discretion to forego new maintenance and inspection requirements related to farm taps that the committee anticipates using as a first step for regulatory reform regarding the applicability of pipeline safety regulations to farm taps located on production and unregulated gathering lines.

Last, the law committee will have its annual meeting on Friday, July 19, 2019, as part of the Rocky Mountain Mineral Law Foundation's annual institute in Monterey, CA. Poe Leggette, of BakerHostetler's Houston office, will give an update on IPAA litigation and Professor Bruce Kramer will present a legal update on recent oil and gas decisions around the country.

Action

No action required at this time.

Membership & Business Development

Chairman: Karl Brensike

Staff Liaison: Bob Jarvis

Membership Totals – Through May 22, 2019

Roustabout – 275

Partner – 57

Scout – 22

Individual – 4,946

Total - 7,352 (includes 2,052 associate members in the Roustabout, Partner and Scout categories)

Membership/Business Development

- Implement Committee-driven program to promote package Corporate Membership/Annual Meeting attendance effort to drive membership AND to encourage new members to attend our meetings and get engaged.
- Continue Poker Tournament/Membership packaging to drive membership. Last event featured almost 200 players and generated more than \$130,000 in revenue with a profit of about \$80,000. The 2019 event is scheduled at the Four Seasons Hotel in Houston for December 5. Entry in the poker tournament includes membership to IPAA.
- Continue Houston based golf tournament to generate interest in, and revenue for, IPAA. 2019 event hosted about 190 golfers and generated more than \$65,000 profit to the association.
- Continue Dallas based sporting clays to generate interest in, and revenue for, IPAA. 2018 event hosted about 60 shooters and generated about \$25,000 in revenue.
- Utilize committee members to gain access to private corporate membership prospects and grow the association's penetration in those sectors.
- Continue to implement personal contact (phone and written) with final-notice Roustabout recipients to accelerate renewal timing and avoid lengthy "delinquent list" placement.
- Continue final-notice individual notices with personal note and prominent "final notice" display placement. Evidence indicates this effort continues to strengthen renewal efforts.
- Continue to monitor Association renewal rate tracking system to gauge effectiveness of various member-retention strategies. 2018 Annual corporate rate is 90% and individual rate is 80%. 2017 Annual rate is about 81% compared to 70% in 2016, 80% in 2015 and 85% in 2014.
- Implement annual update of production data to ensure appropriate level of suggested dues billing to corporate members.
- Continue use of individual renewals to include option to upgrade to corporate.
- Use Regional Directors to extend Membership/BD outreach to the regions and to determine other program opportunities.
- Extend Membership B/D outreach through additional luncheons and events. We held two lunches each in Dallas and Ft. Worth in 2018. We plan for one each in 2019 as well.
- Develop and maintain a list of industry prospects and continue to develop and manage a mail or email marketing campaign for IPAA.
- Continue IPAA membership booths at Coop and industry trade shows. In 2018 the association attended Summer and Winter NAPE where it recruited 31 members. Leverage IPAA GR staff for individual meetings with high-profile members that are prospects for upgrades to memberships.
- Hold regional receptions to educate potential new members about why they should be involved in the Association. Use current IPAA members to talk to the group about the value they see from their membership support.
- Revise membership marketing materials as needed including letters, brochures, email templates, etc. to reflect current IPAA advocacy priorities, meetings, business development events and other added-value activities.

Action

No action at this time.

June 2019

Natural Gas

Chairman: Kurt Krieger
Staff Liaison: Susan Ginsberg

Update

IPAA's Natural Gas Committee participated in issues before the Federal Energy Regulatory Commission (FERC), directly as an association and through the Natural Gas Council (NGC) and Energy & Equipment Infrastructure Alliance (EEIA). The Natural Gas Committee also works on gas transmission and gathering pipeline safety, through the Pipeline Safety Work Group and in conjunction with the Law Committee.

FERC again lost its full complement of commissioners in early January with the passing of Commissioner Kevin McIntyre. The White House has yet to nominate a new Republican commissioner. While the current composition of 2 Republicans and 2 Democrats has the potential to delay pipeline applications, Commissioner Cheryl LaFleur has not blocked projects, while still voicing her strong concerns that FERC is not performing adequate analysis of upstream and downstream greenhouse gas emissions. FERC has approved numerous LNG export facilities. In late January, Commissioner LaFleur announced she would not seek a third term, after being informed by Senate Democratic leadership that she would not be renominated because of her perceived weakness on environmental issues. Her term ends June 30, although she is likely to stay on until confirmation of a new commissioner. Environmental groups continue with legal challenges to FERC orders, contending that FERC is not complying with the National Environmental Policy Act and exceeding the intent of grants of eminent domain. The courts increasingly are agreeing with environmentalists, placing further pressure on FERC to perform in-depth analysis of the upstream and downstream emissions associated with pipeline projects. Commissioners Rich Glick consistently dissents on certificate orders. IPAA urged nomination of the fifth commissioner, signing letters in January along with the EEIA and in April with the NGC.

On April 10, President Trump issued Executive Orders to encourage infrastructure development. "IPAA consistently has supported development of much needed infrastructure to transport America's oil and natural gas resources to consumers. Therefore, it supports the efforts of President Trump in issuing his Executive Orders (EO)..." The EO included plans to clarify the federal and state roles in approving permit applications under Sec. 401 of the Clean Water Act. IPAA specifically supports this effort, working with a coalition of energy industry groups in a letter to the National Governors Association in early April and in May 24 comments to EPA. Opponents of fossil fuels have used the Sec. 401 permit process to stop natural gas pipeline projects approved by FERC but requiring state water crossing permits. IPAA continued efforts to promote pipeline infrastructure, encouraging IPAA members to support Dominion Energy's Atlantic Coast Pipeline.

Under the NGC, IPAA participated in proceedings involving PJM and ISO New England in an effort to ensure that organized electricity markets properly value natural gas generation. IPAA also is working with the Edison Electric Institute and the American Gas Association in their efforts to implement a Natural Gas Sustainability Initiative (NGSI). Companies participating in NGSI would require natural gas sellers to attest to demonstrate low methane emissions. IPAA has stated that the baselines for determining emissions must be accurate and that NGSI should not harm producers of marginal wells.

IPAA submitted comments to Prudential Financial Regulatory Agencies in February opposing the proposal to implement international standards that would harm oil and natural gas producers by limiting the power of banks to recognize the use of physical assets as collateral for hedging. The Standardized Approach for Counterparty Credit Risk (SA-CCR) also is opposed by the Commodity Futures Trading Commission. Cutting across several committees is IPAA's efforts to push back on steel and aluminum tariffs and quotas that would limit the availability of Oil Country Tubular Goods and line pipe.

Action

No action required at this time.

June 2019

Issues

The Offshore Committee continues to work with the Bureau of Offshore Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) with regard to ongoing regulatory issues. These agencies are charged with handling all of the regulations, guidance, compliance, and safety practices for offshore producers. The oil and gas industry (both independent producers and majors) have tirelessly worked to address well safety, drilling practices, and containment issues and will continue to reach out to the regulatory agencies to ensure we have a vigorous American offshore oil and natural gas program that is well understood by the Administration.

At the beginning of his presidency, President Trump released an Executive Order (E.O.) to implement an America-first offshore energy strategy which began the process of reversing many of the burdensome red-tape restrictions for offshore exploration and development under the Obama Administration. The order called on Interior to review areas available for offshore leasing, including areas in the Atlantic and the Arctic. The executive order also called for a review of Obama-era offshore regulations, including the well control rule, financial assurances, and Arctic drilling requirements, and a review of the permitting process for development and seismic research.

Last year, BOEM released its first iteration of the Draft Proposed Program (DPP) which formally launched the regulatory process of considering all OCS areas for possible inclusion in a new 2019-2024 Five-Year Program for offshore development. IPAA submitted comments individually and jointly with other offshore trades and will remain actively engaged as this process develops. IPAA remains committed to ensuring that access to the Eastern Gulf of Mexico remains in the Five-Year Program and has engaged in advocacy efforts with both the Administration and Members of Congress to support this effort.

BOEM announced it was withdrawing sole liability orders issued in the final days of the Obama Administration to allow time for the Trump Administration to review the agency's complex new Financial Assurance Program as issued under Notice to Lessees (NTL) 2016-N01. IPAA has continued to work with the Department of the Interior to find solutions to the challenges of financial assurance in the OCS. IPAA's role is to ensure that all members have access and opportunity to express concerns and solutions to the regulatory agencies regarding this important matter.

On May 15, BSEE published final revisions to the Well Control Rule in the Federal Register. These revisions will reduce undue regulatory burdens while enhancing safety and ensuring environmentally responsible drilling in the OCS. IPAA was part of an industry coalition working to improve this rulemaking.

Update

The Committee will continue to work to ensure Members of Congress are educated about the OCS planning process and are fully aware of the potential benefits associated for their constituencies with expanded OCS production. Specifically, the Committee will continue to target Members of the Florida delegation who remain in opposition to opening portions of the Eastern Gulf of Mexico for development. IPAA encourages BOEM to keep all areas of the OCS in the next phase of the Five-Year Plan, including the Eastern Gulf of Mexico. The Western and Central Gulf of Mexico have been, and will remain, key to independent producers in the Gulf of Mexico. However, in order for our nation to fully realize the potential of the OCS for oil and gas development, all areas should be included in the Plan. The Committee will remain engaged in the formal comment process and public hearings as we move forward in this effort.

The Offshore Committee continues to work with Congress and a variety of groups interested in efforts to provide enhanced state authority over coastal and offshore resources, to reform the methods of leasing and development of the mineral resources in the OCS and to provide the states with a greater share of OCS mineral revenues.

The Offshore Committee held its Spring 2019 meeting on May 3 in Houston. Speakers included Erik Milito of API and the senior management team of Cobbs Allen Houston. The Offshore Committee remains an important and unique committee to IPAA as whole and IPAA remains committed to continued outreach and committee growth.

Action

No action required at this time.

Supply and Demand

Chairman: Bob Fryklund
Staff Liaison: Frederick Lawrence

Issues

The Committee focused its end of year - 2018 meeting on the topics of oil and natural gas forecasts in addition to a regional economic outlook based on production trends. The Committee is studying the trends for U.S. petroleum (oil plus petroleum products) and natural gas exports and the new records being set. The Committee also continues to monitor the supply (plus inventory) and demand situation both in the U.S. and the rest of the world as the markets have tightened with additional volatility to show for the reduction in spare capacity. The state of inventories and robust U.S. activity (in key plays such as the Permian and Delaware) remain key developments to watch closely in conjunction with the OPEC (plus) cuts as well as sanctions policy (Iran and Venezuela) and other production issues (Libya, Canada, Mexico, North Sea, etc.). Other important issues include global demand trends, LNG, U.S. sanctions policy and geopolitics.

Update

The Committee met in Houston, TX on December 6th for their fall-winter meeting. Speakers included Bob Fryklund, Chief Upstream Strategist at IHS Markit (and IPAA Supply & Demand Committee Chair) who provided a market overview; Jon Marsh Duesund, Partner & Head of Consulting – Americas for Rystad Energy; and Karr Ingham, Economist at InghamEcon, LLC and Consulting Petroleum Economist for the Texas Alliance of Energy Producers. Over 40 individuals from E&Ps, service companies, MLPs, analytics firms, academia, consultants and press attended the semi-annual meeting which was held at the offices of Baker Hostetler. Thank you to Baker Hostetler for providing both the venue and the lunch for the event.

Bob Fryklund (Introduction/Market Outlook) gave an introductory talk about five principles directing the market including: 1) volatility – in both price and in markets, 2) the evolving decarbonization discussion, 3) speed – in terms of the velocity of decision-making and the information that we receive, 4) innovation (not just technology) and the ability to take something you know and solve a problem with that intelligence and experience and 5) globalization vs. nationalization (to include trade frictions, the race to the bottom on cost and the issue of scale in the challenge to increase market competition and access).

Jon Marsh Duesund (Market Forecast – Oil and Natural Gas) discussed recent supply trends, Permian productivity as well as the Rystad Energy outlook for both U.S. oil and natural gas. Duesund talked about the continued resiliency of the U.S. shale industry and how industry cycles are getting shorter because of the faster responsiveness of shale. The U.S. has added 'one Mexico' in a year and new drill permits are still increasing even though completions have declined. U.S. independents are continuing to converge towards the conservative themes of cash discipline and cash flow neutrality. The Permian is showing no evidence of reaching a plateau and the maximum well productivity potential remains to be seen. For the bottom line, Duesund noted that U.S. oil is set to reach 16.5 million bpd by 2030 even in a \$55 per barrel world and a more favorable price environment might lead to output of 20 million bpd by as early as 2025. He noted that drilling activity in Tier 1 can be maintained at the current levels for the next 10+ years in all plays (with Permian Delaware and Permian Midland at the top). If you are interested in his presentation or Rystad's analytics, feel free to contact Jon directly at jonm@rystadenergy.com.

Karr Ingham (The State of the Texas Upstream Oil & Gas Economy and the Outlook for 2019) delved into the Texas Petro Index which remains 100 points (32%) below its peak in Nov. 2014. Some of these upstream indicators include crude oil and natural gas prices, statewide rig count, drilling permits issued, well completions and upstream industry employment. However, production remains at record levels for both crude oil and natural gas. In his outlook for 2019, Mr. Ingham noted that there will be an increasingly important distinction between price and various measures of activity (rig count, permits, completions and employment) vs. production volumes. In 2019, the crude oil price will be dependent particularly for non-production measures of statewide industry activity and less so for production volumes for both crude oil and natural gas. He predicted that Texas crude production will top 2 billion barrels for the year and

average 5.5 million barrels per day, thus comprising 45% of U.S. crude oil production. Other important issues include the important status of the U.S. as a market economy (compared to many, if not most, other major producers), focus on what 'the economy' is designed to do (particularly in the U.S.), the Cap Ex discussion and the importance of recent history (perhaps it's time to quit being surprised by U.S. resilience. Mr. Ingham's presentation is available upon request.

Please contact Fred Lawrence (flawrence@ipaa.org) if you are interested in any of the above (or previous) presentations or in being included in future meeting notices.

The IPAA has recently completed a new study entitled *The Economic Contribution of Independent Petroleum Producers to the U.S. Economy*. The analysis identifies and measures the economic contributions of independent petroleum producers to the U.S. national and state economies by modeling the direct, indirect and induced oil and gas activities of the independent oil and gas producers. The USPS brochure with 2017 data is available and the *2016-2017 Oil and Gas Producing Industry in Your State* should be available later this summer. We apologize for any delays. **The next Supply & Demand meeting is being planned to take place in Dallas, TX so stay tuned about dates and content and please contact Fred Lawrence if you are interested in being a sponsor. We appreciate your support.**

Action

No action required at this time.

Tax

Chairman: Don Nestor
Staff Liaison: Ryan Ullman

Issues

The Tax Committee's priorities are focused on promoting reform of tax policies to enhance and maintain American oil and natural gas production by retaining capital within the industry.

Update

Following passage of the Tax Cuts and Jobs Act (TCJA) in December of 2017, IPAA continues to monitor implementation of the tax law. The TCJA lowered tax rates on corporations and individuals, revised the structure of international taxation and improved capital recovery through full expensing for five years. Additionally, IPAA successfully worked to ensure that critical business tax treatments, such as Intangible Drilling Costs and percentage depletion, were retained in the new tax law.

Democratic tax writers on the House Ways and Means committee are scrutinizing the tax cuts contained in the TCJA, particularly those treatments which directly affect the oil and natural gas industry. IPAA is working with the committee to educate and inform Members and staff of the importance of those tax policies on America's oil and natural gas producers, industry jobs, and the potential price impacts to the consumer. In particular, the impact and role that sound tax policy has played in encouraging the investment that American independent producers have made has resulted in the United States emerging a global energy leader in oil and natural gas production. This is due, in large part, to a tax code which allows producers to capture and reinvest capital.

Additionally, IPAA is emphasizing the increased value proposition and opportunities presented by the production and processing of natural gas liquids. This level of cutting-edge development does not occur without sound, forward thinking tax policy aimed at encouraging further investment into developing America's energy resources.

So far, House Ways and Means Chairman Richard Neal (D-MA) has held one hearing on the climate impacts of tax policy and has not moved as aggressively as some of his colleagues on the climate issue, choosing instead to focus on making updates to the code relative to retirement accounts and other personal finance issues.

As the Ways and Means Committee pursues renewal of a handful of tax provisions that have expired since 2017, including those that will expire at the end of the year, industry tax provisions will remain a potential target for repeal to pay for other provisions.

IPAA's website, <http://energytaxfacts.com>, continues to present information on the key tax issues, refutes misinformation and offers videos of members explaining the consequences of adverse tax changes. IPAA will continue its efforts to defend current oil and natural gas tax policies.

Action

No action required at this time.

IPAA Wildcatters Fund

Chairman: Bruce Vincent
Vice Chairman: Diemer True
Staff Liaisons: Dan Naatz
Ryan Ullman
Mallori Miller

Update

The IPAA Wildcatters Fund, through its political action and grassroots activities, seeks to advance the interests of independent oil and natural gas producers by providing avenues for producer involvement in the political and legislative process.

In order to do so, we seek to raise financial resources to help elect pro-oil and natural gas candidates. For the 2019-2020 election cycle, the Wildcatters Fund has a fundraising goal of \$350,000 in IPAA member contributions. This will provide the PAC with the resources necessary to get engaged in many hotly contested congressional races. Currently, the PAC has a balance of roughly \$89,900 and we urge all IPAA members to support the Wildcatters Fund in the coming year so that we can begin to make a difference in key Senate and House races in 2020.

Through the PAC, we work to increase the number of pro-oil and natural gas members in Congress. As we know from past presidential election cycles, the 2020 elections will be highly competitive and costly. With the resources provided by IPAA members, the Wildcatters Fund plans to actively engage candidates early next year and will work to leverage the voice of America's independent oil and natural gas producers around the country.

We will also continue to complement the direct political contributions from the PAC with get-out-the-vote (GOTV) efforts to help elect pro-oil and natural gas candidates in 2020. The IPAA Prosperity Project allows for members and their employees to more fully participate in elections and make a difference. The site provides access to: *voting records and/or position papers on issues of importance to the oil and gas industry; voter registration capabilities; and absentee ballot request forms.* The Prosperity Project website can be accessed at the following link: <http://ipaagrassroots.org/>. We encourage all IPAA members to utilize the Political Toolkit.

The IPAA Prosperity Project also allows members and their employees to get involved in the legislative process. Through the site, legislative alerts are posted and emailed to members, asking for each member to contact their Member(s) of Congress.

Action

No action is required at this time.



April 25, 2019

From: Barry Russell

To: Steve Hinchman, Chairman
James Wilkes, Vice Chairman
Diemer True, Treasurer, and Chairman of Finance Committee
Finance Committee

The March financial reports are attached.

Statement of Activities as of March 31, 2019:

Revenues: Actual **year-to-date** revenues were \$2,282,420.

Membership dues were \$1,098,850 and program activities were \$1,007,215.

Expenses: Total actual **year-to-date** expenditures were \$2,649,496.

INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA
COMPARATIVE STATEMENT OF ACTIVITIES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018, '17

ACCOUNT DESCRIPTION	YEAR TO DATE		
	ACTUAL	ACTUAL	VARIANCE
	2018	2017	
OPERATING INCOME			
Membership Revenues	\$ 3,866,703	\$ 3,215,875	\$ 650,828
Program Activities	3,648,367	3,209,047	439,320
Publications	905	551	354
Public Education Fund	17,115	16,795	320
UNRESTRICTED OPERATING INCOME TOTAL	7,533,090	6,442,268	1,090,822
Research Fund	-	850,000	(850,000)
Energy in Depth	1,928,500	2,224,500	(296,000)
OPERATING INCOME TOTAL	9,461,590	9,516,768	(55,178)
EXPENSES			
Salaries and Benefits	4,677,613	4,715,225	(37,612)
Professional Services	662,360	716,720	(54,360)
Meetings	996,517	1,060,559	(64,042)
Facilities & Equipment	1,122,390	1,073,069	49,321
Telephone, Postage, Etc.	163,631	163,227	404
Travel	290,212	292,244	(2,032)
Supplies & Printing	47,907	68,045	(20,138)
Taxes Other	199,667	196,710	2,957
TOTAL UNRESTRICTED EXPENSES	8,160,297	8,285,799	(125,502)
Energy in Depth	2,184,695	2,044,069	140,626
Research Fund	-	850,000	(850,000)
TOTAL OPERATING EXPENSES	10,344,992	11,179,868	(834,876)
NET GAIN (LOSS)	(883,402)	(1,663,100)	779,698
Investment Activity	(636,444)	571,254	(1,207,698)
TOTAL OPERATING INCOME(LOSS)	\$ (1,519,846)	\$ (1,091,846)	\$ (428,000)

**Not prepared in accordance with GAAP. For management purposes only.

INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA
STATEMENT OF FINANCIAL POSITION
As of March 31, 2019

ASSETS		LIABILITIES	
Current Assets		Current Liabilities	
Cash and Cash Equivalents	1,039,812	Accounts Payable	351,336
Investments	7,699,511	Employee Benefits Payable	1,522,576
Receivables	194,373	Deferred Income	-
457 Plan Assets	1,066,067	Lease Obligations	94,225
Prepaid Expenses	168,532	Employee Benefits Reserve	(9,793)
Furniture and Equipment (net)	170,789	Rent Abatement Liability	412,742
Total Assets	10,339,084	Total Current Liabilities	2,371,086
		Members Equity	
		Retained Equity	7,607,712
		Current Surplus	360,286
		Total Equity	7,967,998
		Total Liabilities and Equity	10,339,084

*Not prepared in accordance with GAAP. For management purposes only.

INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA
INVESTMENT ACCOUNT STATEMENT
3/31/2019

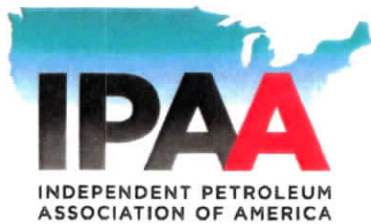
	CARRYING VALUE	MARKET VALUE
Opening Value of Account	\$6,972,149	\$6,972,149
Dividend/Interest Income	29,544	29,544
Miscellaneous Fees/Income	(1,249)	(1,249)
Gain/(Loss)	<u>20,602</u>	<u>699,067</u>
Net Change to Account	48,897	727,362
Transfer from/to Working Fund	<u>-</u>	<u>-</u>
Total Value of Account at End of Period	<u>\$7,021,046</u>	<u>\$7,699,511</u>

***Not prepared in accordance with GAAP. For management purposes only.**

INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA
MEMBERSHIP DUES
2009-2018

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	% CHG
JANUARY	561,550	321,660	537,035	710,700	565,845	250,350	376,500	292,400	643,575	551,725	-14%
FEBRUARY	148,800	412,475	331,660	228,590	428,775	671,675	192,900	440,650	429,825	255,850	-40%
MARCH	548,950	406,605	531,305	529,895	498,645	488,370	483,000	319,350	98,600	291,275	195%
APRIL	305,640	368,743	314,144	378,750	470,150	451,440	356,425	226,300	694,700		
MAY	269,748	236,479	467,790	471,815	308,945	221,000	286,395	148,450	128,250		
JUNE	174,345	136,170	215,273	242,120	380,775	338,300	162,300	218,830	181,200		
JULY	283,290	389,950	180,170	331,500	234,695	272,100	137,250	154,600	317,050		
AUGUST	371,700	344,650	534,695	368,875	423,540	402,686	379,295	359,850	139,378		
SEPTEMBER	221,710	384,815	307,595	321,675	365,950	257,394	366,850	204,695	238,275		
OCTOBER	213,270	459,100	275,075	216,100	345,300	370,575	171,650	320,500	299,675		
NOVEMBER	263,530	347,400	216,850	172,930	157,400	197,350	463,750	312,250	307,450		
DECEMBER	438,999	316,640	535,050	300,975	475,725	615,125	441,150	218,000	388,725		
TOTAL	3,801,532	4,124,687	4,446,642	4,273,925	4,655,745	4,536,365	3,817,465	3,215,875	3,866,703		
DIFFERENCE											
PRIOR YEAR	587,529	323,155	321,955	(172,717)	381,820	(119,380)	(718,900)	(601,590)	650,828		

*Further financial information available upon request.



IPAA IN THE NEWS

Select news stories mentioning IPAA in 2019.

[Oil & Gas Journal: Proposed pipeline safety reauthorization raises penalties](#)

The Natural Gas Council—which has the American Petroleum Institute, Independent Petroleum Association of America, American Gas Association, Natural Gas Supply Association, INGAA, and AOPL as members—said in a statement that the recommendations were timely in helping the US gas industry, and the federal, state, and local government entities which regulate it, continue to keep operations safe, timely, and reliable.

[The Shawnee News-Star: OIPA-OKOGA members help with U.S. oil and natural gas dominance](#)

The report, conducted by IHS Markit and commissioned by the Independent Petroleum Association of America (IPAA), concludes that in Oklahoma alone, producers saw oil production grow by over 17 percent to almost 500,000 barrels per day (bbls/d) from 2016 to 2018, with production expected to reach 650,000 bbls/d by 2025.

[Daily Energy Insider: Study examines independent oil, gas production](#)

An Independent Petroleum Association of America (IPAA) commissioned study maintains independent oil and natural gas producers are dominating domestic energy markets.

The analysis, conducted by the business analytics group IHS Markit, showed independent producers accounted for 83 percent of the nation's oil production and 90 percent of its natural gas and natural gas liquids (NGL) production.

[Rigzone: Independents Dominate US Energy Markets](#)

Independent oil and gas companies dominate U.S. energy markets, contributing 83 percent of the country's oil output and 90 percent of domestic natural gas and natural gas liquids (NGL) production.

Those are two findings in a new Independent Petroleum Association of America (IPAA)-funded study performed by IHS Markit. The report, [“The Economic Contribution of Independent Operators in the United States,”](#) also concludes that independents drill 91 percent of the country's oil and gas wells.

[Midland Reporter-Telegram: IPAA: Industry has seen gains despite ‘politics of chaos’](#)

An official with the Independent Petroleum Association of America recently addressed the challenges stemming from the current environment in the nation's capital.

Dan Naatz, IPAA senior vice president, government relations and political affairs, listed congressional inertia, leadership in flux and White House instability, even the question of whether political parties still matter, as contributing to uncertainty.

“The whole dynamic has changed,” he told the audience at the Permian Basin Environmental Regulatory Seminar, which was Thursday at the Advanced Technology Center.

[Oil & Gas Journal: BSEE issues revised blowout preventer, new well control system rules](#)

Independent Petroleum Association of America Pres. Barry Russell said, “The BSEE revisions to the Obama-era well control rule are common sense and will go far to increase the safety of all those who work in the offshore. The changes in the new rule allow for producers to be nimbler, with more adaptive guidelines based on the most up-to-date insights and innovative technology in the offshore exploration and development field.”

[New York Times: Interior Dept. Loosens Offshore-Drilling Safety Rules](#)

In the final rule, the Interior Department noted that the changes were expected to save the oil industry about \$824 million over 10 years.

“The changes in the new rule allow for producers to be nimbler, with more adaptive guidelines based on the most up-to-date insights and innovative technology,” said Barry Russell, chief executive of the Independent Petroleum Association of America.

[Politico Morning Energy: Beetle Mania](#)

“**This status change is welcome news** to those that have been in limbo awaiting a decision on the listing from USFWS,” said Dan Naatz, Independent Petroleum Association of America senior vice president of government relations and political affairs.

Bloomberg: Trump Seeks to Downgrade Protection for Endangered Beetle

The proposal was cheered by oil industry interests that have pushed the government to strip the beetle's Endangered Species Act protections. Dan Naatz, senior vice president at the [Independent Petroleum Association of America](#), called the move "welcome news to those that have been in limbo" waiting for a decision.

"Since 1989, the beetle's listing has been met with criticism for failing to provide the science-based evidence that ESA listings warrant," Naatz said. "The beetle's listing was rooted in faulty assumptions about the species' range, distribution and abundance."

Wall Street Journal: Trump's Offshore Oil-Drilling Plan Sidelined Indefinitely

That hasn't stopped industry trade groups in Washington from supporting the plan in hopes of increasing their options.

Dan Naatz, senior vice president of government relations and political affairs at the Independent Petroleum Association of America, said a court decision shouldn't bring the government's work to a halt. "We're hopeful that the Interior Department will remain committed to the regulatory process," he said.

Carlsbad Current-Argus: Emissions down in the Permian Basin? State of New Mexico inspects 98 oil and gas facilities

Environmentalists have long criticized the oil and gas industry for the release of methane and other volatile organic compounds (VOCs) through the process of venting the gas or burning it off during flaring.

But new research published this week by Energy in Depth – a project devised by the Independent Petroleum Association of America showed declines in two of the most active oil and gas basins in America.

Dallas Business Journal: What a difference a day makes: Inside last week's M&A activity in Texas

Austin Elam, a newly minted partner at Haynes and Boone in Houston, spoke about drillcos' rise and mechanics last week at a luncheon in Houston hosted by the Independent Petroleum Association of America.

"Equity markets remain quiet, and with borrowing bases not rising, there's not a lot of liquidity in the market," he said.

Bloomberg: N.Y. to Safeguard Pension Fund From Climate Change

Matt Dempsey, a spokesman for Divestment Facts, a project of the Independent Petroleum Association of America, took the opposite view.

"Comptroller DiNapoli has repeatedly rejected empty calls to divest, placing his fiduciary duty to New York's retirees over a costly, ineffective political gesture," Dempsey said in a statement. "Recent academic reports find divestment would impose losses on the fund ranging from \$136 million to \$198 million per year—the equivalent to eliminating the average annual benefit of over 8,500 retirees —while doing nothing to support the environment. Next steps for New York remain to be seen, but today's report is another clear indicator that blanket divestment is not a solution."

Associated Press: Warren has new plan for fossil fuel leasing on public lands

Dan Naatz, senior vice president at the Independent Petroleum Association of America, warned that Warren's proposal to end new fossil fuel leases on public lands "would damage our economy and negatively impact job growth in communities" nationwide.

"The royalties, rental fees and bonus bid revenues" from leasing, Naatz said in a statement, "which are evenly split between the federal government and the states where the development occurred, play a vital role in the state and local economies of states and tribal communities."

Hobbs News-Sun: Hobbs Middle School students exposed to their options in science and oil and gas

On Friday, Fisher's class was the recipients of visitors from OXY's Hobbs office, the IPAA/PESA Energy Education Center and EVERFI. The IPAA is the Independent Petroleum Association of America and PESA is the Petroleum Equipment and Services Association. Both are partnered with EVERFI, which is involved in increased STEM education in America's schools. They created a middle school program on STEM career exploration that interested Fisher.

Law 360: 10th Circ. Vaporizes Green Groups' Methane Rule Appeal

The Western Energy Alliance and the Independent Petroleum Association of America, which filed the initial challenge to the Obama-era rule, had asked the appeals court to vacate that rule, called the waste prevention rule, completely.

Inside Sources: Energy Industry Pleased by Trump Executive Order Expediting Pipeline Approval

Both the energy industry and organized labor greeted the news with enthusiasm. The Independent Petroleum Association of America specifically praised the order addressing the EPA's enforcement of the Clean Water Act, saying that a 2010 rule change allowed states "to inhibit projects that are clearly in interstate commerce." Meanwhile, unions expressed their support for a move that will doubtless create more jobs.

Casper Star-Tribune: Trump orders aim to ease restrictions on energy infrastructure, narrow states' say on energy projects

Industry groups came out in favor of the president's executive orders Wednesday, arguing alongside conservative politicians that the Clean Water Act provision had been undermined due to previous interpretation.

"This guidance, overdue for updating, has allowed for implementation of the CWA in a manner inconsistent with the statute and to inhibit projects that are clearly in interstate commerce," Lee Fuller, executive vice president of the Independent Petroleum Association of America, said in a statement.

CNBC: Opening Bell, April 8, 2019

Ringling today's opening bells are Trex Company with President and CEO Jim Cline at the NYSE and Independent Petroleum Association of America with President and CEO Barry Russell at the Nasdaq.

Oil & Gas Journal: Trump nominates Bernhardt to Interior secretary post

Leaders of two major oil and gas trade associations applauded the president's Feb. 4 action. "Bernhardt knows the department well and understands the integral role that [Interior] plays in oil and gas development, both onshore and offshore," Independent Petroleum Association of America Pres. Barry Russell said.

"As a westerner, Bernhardt is familiar with western lands and how by statute [Interior] manages public lands and waters with multiple use policies that balance conservation, recreational opportunities, job-creating economic activities, and safe, responsible energy development," Russell said.

Argus Media: Crude Summit: SocGen weighs oil market impacts

Lee Fuller, executive vice president of the Independent Petroleum Association of America (IPAA), said that Congressional deadlock between Democrats and Republicans has empowered President Donald Trump to move forward with a pro-industry agenda.

The Trump administration's push to roll back environmental and other industry regulations enacted by previous administrations are "a good sign, but the reality is that is hard to do," because Trump's regulation changes will be litigated, he said.

Houston Chronicle: Dems, green groups tell Interior to halt oil leasing during shutdown

"American companies who operate in the offshore invest hundreds of millions of dollars in projects and need certainty to see these projects through," said Mallori Miller, senior director of government relations at the Independent Petroleum Association of America. "Preventing business as usual from continuing over a political fight that has nothing to do with our industry doesn't help anyone."

Houston Chronicle: Shutdown leaves oil and gas unscathed, but for how long?

"It's that uncertainty that can really cast a long shadow as you're trying to make investments, especially for our smaller companies," Naatz said. "We hope the White House and Congress – all this is above our pay grade – but we hope they will take action and the shutdown will be resolved soon."

..."We would like to see all these regulatory issues settled before the presidential election. We don't know what's going to happen and the timeline is getting more and more compressed," said Lee Fuller, executive vice President of government relations at the Independent Petroleum Association of America. "There's no clear path. The litigation is going to be fairly extensive and complex."

The Hill: Zinke's drilling agenda to outlast tenure

"I think that's really the most important legacy that Secretary Zinke will have, is moving back to that multiple use concept on areas of federal land designed for multiple use," said Dan Naatz, senior vice president of government relations and political affairs at the Independent Petroleum Association of America.

"Largely BLM lands are areas that are available for energy production and also available for recreation and agriculture. Our frustration with the Obama administration was they moved much more toward a single-use philosophy, and much to the detriment of our members who wanted to use those areas for oil and gas production," he said.

E&E News: U.S. nabs net exporter title

Responding to the new data, a spokeswoman for the Independent Petroleum Association of America stressed their implications for economic security. "America's recent success in developing domestic oil resources – and exporting them – have ensured that no single nation, or cartel, can hold hostage energy consumers and that the marketplace should work freely."

S&P Global Platts: Fossil fuel foes cheer Zinke's exit from Interior, but worry about successor

Dan Naatz, senior vice president of government relations and political affairs for the Independent Petroleum Association of America, said in a statement that Zinke should be congratulated for recognizing the important role onshore and offshore federal lands play in the future of energy in America. That and other policy efforts to support Trump's vision of "energy dominance" in the U.S. would likely continue if Bernhardt is Zinke's successor. "Federal lands, by law, are designated for multiple use," Naatz said. "That can be recreation, hunting, mining, or energy production. We're confident that David Bernhardt expertly recognizes and will continue to uphold this law of the land for every American citizen, in his current or any future executive branch position."

Politico Morning Energy: ENERGY CELEBRATES BUSH'S LIFE

Both energy industry and environmental groups mourned the loss of former President George H.W. Bush, who died Friday at the age of 94. Bush was a former member of the Independent Petroleum Association of America, whose President and CEO Barry Russell said Bush "defined the characteristics of the great men and women who encompass our industry – hardworking, entrepreneurial, optimistic, and patriotic."

S&P Global Platts: Industry advocates: steel quotas could harm US energy producers

Jeff Eshelman, a spokesman for the Independent Petroleum Association of America, agreed that imposing quotas on imported steel would be much more damaging to the independent exploration and production industry than applying tariffs to the materials.

While tariffs increase the price of imported products, quotas limit the volumes of goods that countries can export to the US, he said in an interview with Platts on Wednesday.

Midland Reporter-Telegram: Hearst Energy Award for Industry Advocacy

For 90 years of supporting the independent energy industry, the IPAA is receiving the Hearst Energy Award for Industry Advocacy.

Founded in 1929, "the mission of IPAA is to ensure a strong, viable American oil and natural gas industry, recognizing that an adequate and secure supply of energy is essential to the national economy," Eshelman said. "Today, through hard work not only in oil fields across America but in the nation's capital, we are achieving this mission. Our nation now leads the world in oil and natural gas production."

Houston Chronicle: In Washington, politics around oil, climate change in flux

Lee Fuller, executive vice president of the Independent Petroleum Association of America, which represents smaller oil and gas producers, said Democrats undoubtedly will come under pressure from their constituencies to take action against climate change and rein in oil and gas development. But, he added, "How many other things do they want to pursue and how much time do they have?"

"I think we're going to have to see it sort out over the next several month. There's people who want to spend all their time impeaching Trump."

Natural Gas Intelligence: NatGas Pipeline Security Defended, Challenging Coal, Nuke Bailout

The Natural Gas Council, whose members include the American Gas Association, American Petroleum Institute, Interstate Natural Gas Association of America, **Independent Petroleum Association of America** and Natural Gas Supply Association, said the report is aimed at providing "insight for policymakers" into the oil and gas industry's "comprehensive" cybersecurity programs.

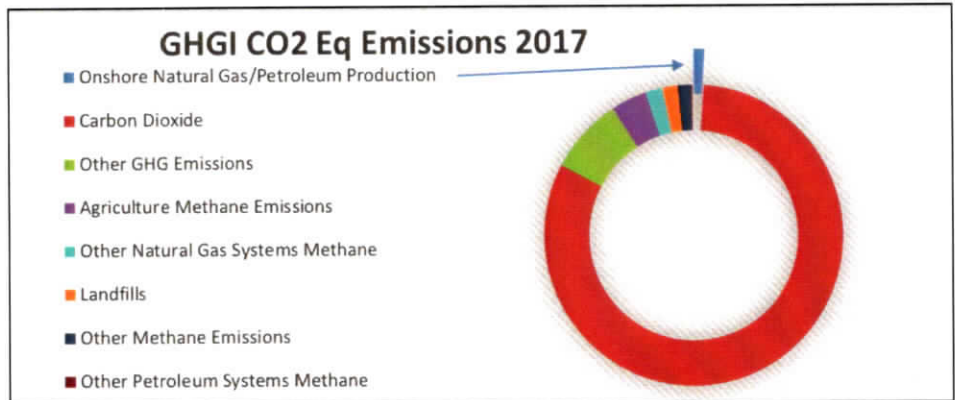
Natural Gas Intelligence: GOP Attempting to Hold Senate, Control Committees

Minority Leader Chuck Schumer (D-NY) has a 10% voting record on IPAA's priority legislation," spokesman Jeff Eshelman told NGI. "That's a stark contrast to the priorities of the current GOP leadership... The workload of a Democratic House and Senate majority would focus less on producing good energy policies, but more so on investigations and oversight — not only on the oil and gas industry, but also most affiliated industries up and down the supply chain, from power plants, to utilities to manufacturing."



How significant are natural gas and oil production methane emissions?

The most comprehensive accounting of greenhouse gas related emissions is the annual Inventory of U.S. Greenhouse Gas (GHG) Emissions and Sinks (GHGI) compiled by the Environmental Protection Agency. This Inventory calculates emissions based on both reported emissions and estimates of emissions from smaller sources. The Inventory presents these results using the international standard as carbon dioxide equivalents – converting all greenhouse gases to this 100 year time horizon basis.



Using the latest 2019 Inventory that reports emissions through 2017, natural gas and oil production methane emissions are approximately 1.2 percent of the inventory.

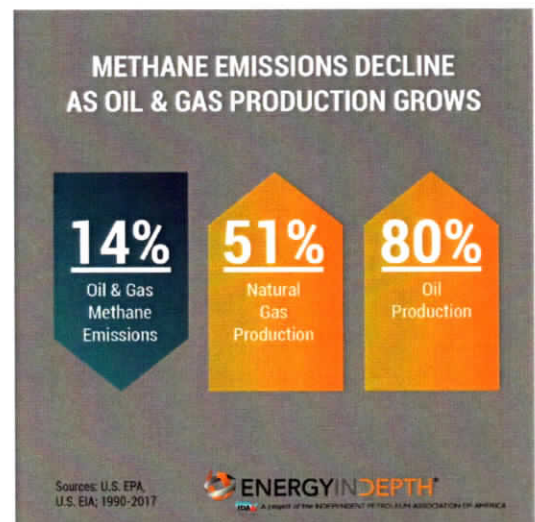
Are natural gas and oil production methane emissions controlled?

Both federal and state regulations apply to production emissions. The most notable of these are federal New Source Performance Standards (NSPS) that affect all new facilities whether on private or federal land. The first of these (Subpart OOOO) in 2012 addressed the largest emissions sources – storage tanks, pneumatic controllers, natural gas well completions. The second (Subpart OOOOa) affects smaller emissions sources – oil well completions, pneumatic pumps – and includes a controversial fugitive emissions requirement.

States also regulate production emissions including existing facilities.

Doesn't increased American natural gas and oil production mean substantial methane increases?

From 1990 through 2017, American natural gas production has increased 51% and oil production has increased 80% while natural gas and oil production methane emissions have declined 14%. This information reflects the nature of the industry. Unlike manufacturing operations that operate at their design rates, natural gas and oil production is characterized by the reality that their production declines over time. Consequently, no matter how large a well may be when it first produces, it will eventually become a low production well. Correspondingly, new wells are constantly replacing old ones and as new emissions controls are applied, emissions will continue to be controlled.



For example, the unconventional production revolution began in the mid-2000s and even before the 2012 NSPS, companies were voluntarily implementing controls that reduced their emissions of volatile organic compounds (VOC) and methane. By the end of 2018, the Energy Information Administration (EIA) reported that 70% of American natural gas production and 60% of American crude oil production comes from these unconventional resources.

Why does industry oppose the Obama Administration EPA methane regulations?

It is essential to understand that industry does not oppose all of the elements of the regulations promulgated during the Obama Administration. Its issues relate to elements that are not cost effective. And, those issues are partly related to the nature of the Clean Air Act (CAA).

The first Obama regulation in 2012 targeted the predominant production emissions using a VOC basis. Importantly, for natural gas and oil production facilities, VOC regulations also capture methane emissions. While there are always some issues with interpretation of requirements, the 2012 regulations were largely based on known technology.

However, following those requirements, the Obama regulations shifted to target methane as the regulated emissions. These requirements present significant problems because they rely on questionable technologies – principally with regard to fugitive emissions.

Here the issues are twofold. First, the regulations use a costly, cumbersome and questionable Optical Gas Imaging (OGI) Leak Detection and Repair (LDAR) technology. Second, because of the structure of the CAA, as a methane regulation, the requirements expand from new sources to existing sources. Instead of a regulation that affects 25,000 to 45,000 facilities per year, it expands to one million sources of which 770,000 are low production, small business operations.

While the cost effectiveness of these LDAR requirements are questionable for the large new wells that are developed, they are clearly a different challenge when applied to low production wells. According to EIA the average new natural gas well produces 4,000 mcf and the average new oil well produces 700 barrels/day. These are vastly different from low production wells that average about 24 mcf for natural gas wells and 2.5 barrels/day for oil wells. Moreover, even those new wells will eventually decline to low production wells and the LDAR requirements will pose an overbearing burden on their operations.

Given that the emissions from these small wells are low and over time the 2012 requirements will be embedded in their operations, industry opposes the Obama regulations because they threaten all of these low production wells with costly requirements that do not create environmental benefits.

Additionally, the use of methane as the targeted emission instead of VOC that triggers the nationwide regulation of existing facilities (Section 111(d)) raises significant questions about interpretation of the CAA. This section was designed to address a small number of chemicals that are produced by a small number of facilities. Applying it to a million facilities is a highly questionable decision driven by a policy agenda not environmental benefits.

Why does industry oppose the Obama Administration BLM Venting and Flaring regulation?

Similar to the EPA rules, the Bureau of Land Management (BLM) rule raises significant questions about interpretation of the Mineral Leasing Act (MLA) that is used as the basis for these regulations. The BLM was not granted the authority to regulate emissions under the MLA because that federal authority resides with EPA.

Importantly, no BLM regulations are needed to regulate new wells on federal lands because these facilities must meet the EPA NSPS requirements. Consequently, like the EPA regulations, the BLM requirements larger implications result from the expansion of controls to existing sources. These requirements will ultimately cause low production wells to be shut in. There are over 69,000 wells on federal lands classified as low production wells, meaning they produce less than 15 barrels of oil per day or 90 mcf of gas per day.

Finally, a one-size-fits-all approach to methane regulation is inefficient for federal lands states and nearly all production on federal lands comes from states that have recently updated their state regulations for methane.

To be clear, the Trump Administration did not dispose of the BLM regulation altogether but altered it to be more compatible with the duties of the BLM as defined in the Mineral Leasing Act.

Why should we continue to produce natural gas?

Keep It In the Ground activists are so targeted on the minor methane emissions from natural gas production, they fail to understand it is a key part to any climate response strategy. The United States has reduced its GHG emissions more than any other country in the world from 2005 through 2017 primarily because of the use of natural gas. Natural gas has reduced GHG emissions by 50 percent more than wind and solar combined.

Equally important, exported natural gas helps other countries address GHG emissions. The United States has now become a net exporter of natural gas and export capacity will continue to grow. These exports allow natural gas to become a global participant in addressing a global problem.

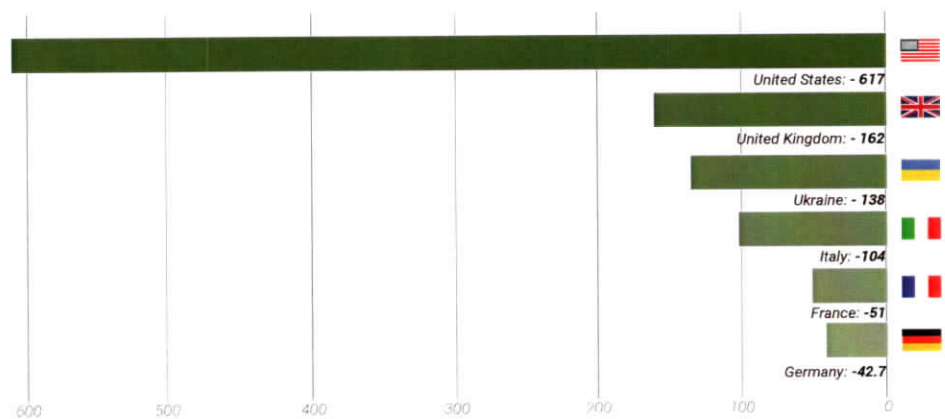
Why does industry flare natural gas?

Flared gas draws press attention and frequent comments from Keep It In the Ground activists. Flared gas is the associated gas component of oil production; it is a naturally occurring part of the crude oil mixture. Unfortunately, excessive flaring primarily results from the development of crude oil where natural gas processing and pipeline takeaway capacity cannot handle all of the associated gas. Since takeaway capacity is not sufficient and the gas cannot be emitted as methane, it must be flared.

United States Leads the World in CO₂ Reductions – Thanks to Natural Gas

The United States is the world leader in carbon dioxide reductions since 2005. The Intergovernmental Panel on Climate Change, International Energy Agency and U.S. Energy Information Administration agree this trend can largely be attributed to increased natural gas use, made possible by fracking.

Carbon Dioxide Reduction Leaders: 2005-2017



Source: U.S. Energy Information Administration, www.eia.doe.gov



Natural Gas Emissions Savings

2,360

Million metric
tons of CO₂

Renewables Emissions Savings

1,494

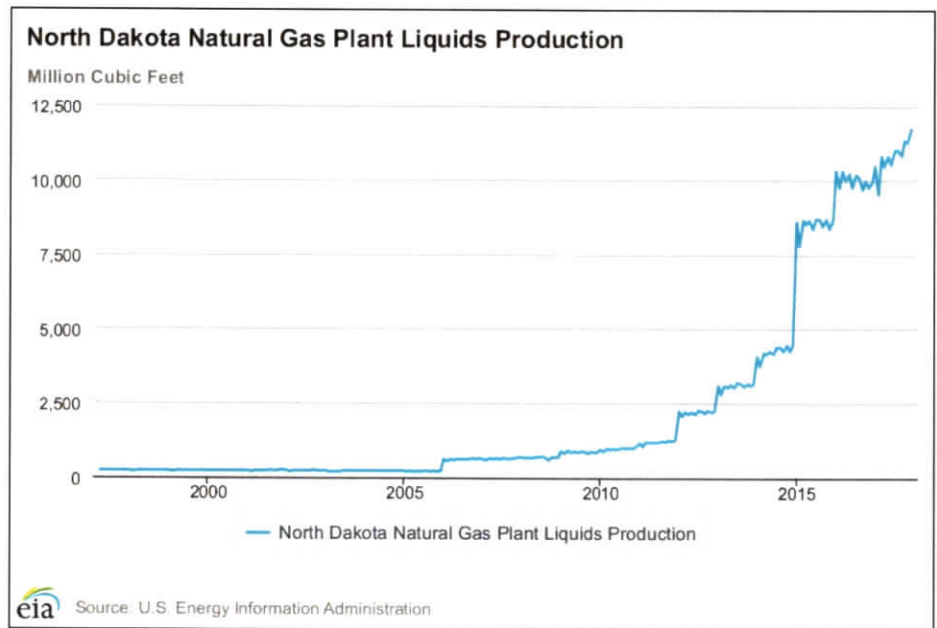
Million metric
tons of CO₂

Energy Information
Administration, 2018.

Gas process facilities and pipelines are being designed, permitted and built, but it takes time. The most frequently discussed flaring situations are in the Permian Basin of Texas and New Mexico and the Bakken area of North Dakota. Currently, these areas are collectively flaring associated gases equal to slightly more than one percent of U.S. natural gas production. In both states, substantial additional investments are being planned and made to process and transport these flared gases. In Texas, new pipeline projects are under development to transport over 4 billion cubic feet per day of gases with half of that capacity coming on line in late 2019 and the other half by late 2020. The volumes of the projects exceed the current volumes being flared. In North Dakota, substantial investment has been made over the past decade to capture and process associated gases and liquids that would otherwise be flared but additional projects are needed. And those investments are being planned. For example, one company will be increasing its existing processing facility by 60 percent by 2021. Independent producers are well aware of the need

capture economically recoverable associated gases, but the reality of building facilities – essentially mini-refineries – to process the gases and natural gas liquids is both time and capital intensive.

Meanwhile, while the Keep It In the Ground groups criticize gas flaring, they are aggressively challenging whenever possible the pipeline construction permits needed to move both these associated gases and the rest of American natural gas production. These efforts are characterized by actions to stop the Federal Energy Regulatory Commission (FERC) from granting permits for new or expanded natural gas pipelines to challenging FERC and other federal and state permits to pressuring states to deny permits under delegated federal law for pipelines.



For questions or more information, please contact the IPAA Government Relations team at 202.857.4722.

KEY ISSUES

HYDRAULIC FRACTURING

The Obama [Bureau of Land Management \(BLM\)](#) in 2015 finalized its drilling regulations on federal lands that IPAA immediately challenged through litigation in federal court. In June 2016, a U.S. District Court Judge ruled in IPAA's favor, stating that the federal government was not granted the authority by Congress to promulgate such a regulation. Since then, the Obama Administration and environmental groups appealed the ruling to the Tenth Circuit Appellate Court. The change in Administration brought a change in perspective and the Trump Department of Interior filed their supplemental brief with the Tenth Circuit in early May 2017 making many of the same points as the IPAA brief and then publishing a final rule to repeal the Obama era regulation altogether. The Trump repeal rule is currently being appealed by environmental groups in the Northern District of California courts. IPAA has intervened on behalf of the federal government and will continue to argue that the rule is unnecessary, duplicative, and will drive independent producers from federal lands.

AIR EMISSIONS REGULATIONS

After several years of efforts to federalize regulation of the oil and natural gas production industry, the Administration initiated actions to review and reconsider several [Environmental Protection Agency \(EPA\)](#) and [Bureau of Land Management \(BLM\)](#) regulations. These include: EPA's methane regulations would establish a blanket, national standard for methane emissions, affecting all new and existing operations for both oil and natural gas; [EPA Control Techniques Guidelines \(CTG\)](#) for existing operations in [Ozone National Ambient Air Quality Standards \(NAAQS\)](#) nonattainment areas; and, [BLM](#) requirements for companies operating on federal lands to reduce the flaring of natural gas from wells that have been fractured. The [EPA](#) new source

methane regulations have been repropose and should be finalized later in 2019. The [BLM](#) revised Obama era venting and flaring regulations and is currently tied up in litigation brought by environmental groups as well as the states of New Mexico and California. IPAA is an intervenor in the case supporting the Trump [BLM's](#) arguments for the rule revision. [Energy in Depth \(EnergyinDepth.org\)](#) have stressed that methane emissions have declined dramatically in recent years, thanks to the industry's commitment to adopting new technologies to clean the air.

TAX REFORM

The Republican-controlled White House and Congress developed and passed major tax reform legislation in 2017. IPAA advocacy resulted in retention of key tax provisions in this law, including intangible drilling costs (IDC), percentage depletion, and the passive loss exclusion that are vital to independent producers and energy production in this country. IPAA's [Energy Tax Facts \(EnergyTaxFacts.com\)](#) campaign served the industry well as these issues were debated.

ENHANCING LIFE

American energy makes modern life possible. Every day, all over the world, American oil and natural gas continues to power and improve modern, 21st Century life. In fact, our safe and well-regulated industry is leading the world in making our daily lives better and healthier for the entire global population. By responsibly producing abundant, affordable fossil fuels, the U.S. oil and natural gas industry has long-provided some of the most essential elements of modern life-improving – and even life-saving – products. Our industry has become a major force in improving the quality of life and human progress for millions of people around the world, even in the most impoverished places on Earth. *continued on back cover*



Thank you
for your ongoing
support of

IPAA and our Industry

We are proud to note that IPAA membership now exceeds a record 10,000 members, just as the association's activities have reached impressive new levels. Thanks to the dedicated staff and volunteer leadership, IPAA has been able to significantly enhance existing programs and launch new efforts. Following is a look at some of these programs and recent accomplishments.

Energy In Depth

Since 2009, our rapid-response coalition has fact-checked the claims made against hydraulic fracturing and other industry practices, both at the grassroots level and throughout the national media circuit. EID now has staff on the ground in Michigan, Pennsylvania, Ohio, Colorado, California, Illinois, and Texas. EID provides counterbalance to misleading critics—be it legislators, filmmakers, celebrities, academics, the media or professional protesters. Visit EnergyInDepth.org.

Defense of Industry's Tax Provisions/ Energy Tax Facts

IPAA leadership and lobbyists regularly meet with top congressional leaders and tax-writers regarding the industry's tax provisions. IPAA has authored extensive comments and coordinated advocacy efforts with other trade associations on industry tax provisions. More information on IPAA's efforts is available through its online educational campaign at EnergyTaxFacts.com.

Endangered Species Act Task Force

Working on [Endangered Species Act](http://EndangeredSpeciesAct) reform has been and will continue to be a dominant priority for IPAA. Our ESA Task Force is a group of allies and company representatives that IPAA keeps up to date on wildlife listings and regulatory developments. And IPAA's [Endangered Species Watch](http://EndangeredSpeciesWatch) project monitors and responds to news and information about federal species protection. Please visit ESAwatch.org for the latest.

Divestment Facts

The costs associated with fossil fuel divestment are likely to be enormous, resulting in the displacement of billions annually from school endowments, hundreds of millions in new compliance and management fees, and new threats to the financial well-being of institutions and future generations of students. Visit our campaign at DivestmentFacts.com.



IPAA leaders, including former Chairman Mike Watford and Chairman Steven Hinchman, discuss the important role independent oil and natural gas producers play in the U.S. economy.

CONNECT WITH IPAA

With much being said about the American energy industry across the Internet, it is now more important than ever to monitor social trends and stay ahead on messaging to the American consumer. We encourage you to **CONNECT WITH IPAA** on social media and help us **SHARE THE NEWS** about the benefits of American energy:

www.ipaa.org

IPAA's website offers an easy-to-navigate, mobile-friendly design, with our most pressing news and key issues front and center.



Facebook.com/IPAAaccess



Twitter.com/IPAAaccess



LinkedIn.com/company/IPAAaccess



Instagram.com/IPAAaccess

EMERGING LEADERS IN ENERGY

We now offer exclusive memberships and career development opportunities for students and young professionals under the age of 35. Introduced in 2012, IPAA's **Emerging Leaders** program has more than 1,500 members enrolled and has hosted networking events around the country.

PROGRAMS AND ACTIVITIES

Wildcatters Fund Political Action Committee

Our PAC, the largest of any oil and natural gas industry trade group, donated almost \$300,000 to well over 100 House and Senate races. The 2018 election cycle will provide another opportunity for the industry to elect Members of Congress who understand and value the importance of the oil and natural gas industry. The [Wildcatters Fund](#) gives IPAA the ability to develop relationships with future legislators from the beginning and educate them on issues important to independent producers.

Regulatory and Litigation Efforts



Congressional gridlock has resulted in an unprecedented number of regulatory initiatives targeting the oil and natural gas industry. To combat unwarranted regulatory activity, IPAA has enhanced its regulatory response and litigation efforts. IPAA has focused its attention on the [Bureau of Land Management's hydraulic fracturing rulemaking](#), [Endangered Species Act abuses](#), [air emissions rules \(NSPS Subpart OOOO\)](#), [expansion of federal jurisdiction through the Clean Water Act](#), [Federal Energy Regulatory Commission initiatives](#) and others.

Congressional Call-Up

Nearly 100 representatives from IPAA member companies and cooperating state trade associations storm Capitol Hill in Washington, D.C. each year to meet with nearly 120 Congressional offices each year. These important meetings allow our companies to explain directly to Members of Congress how the industry's tax provisions are vital to new investment, how regulatory overreach is hurting their operations, and the positive impact the U.S. oil and natural gas industry has in job creation within their states and districts.

GRIT & GASG

Focusing on industry-wide collaboration and intelligence gathering, [Government Relations Industry Team \(GRIT\)](#) is a meeting of our member companies' government relations representatives. IPAA's [Government Affairs Strategy Group \(GASG\)](#), is a meeting group that includes our member companies' government relations teams and government relations representatives from the national industry trade associations. This type of collaboration is vital to our success in Washington.

Declaration of Independents

Focusing on oil issues, our economic team now produces roughly two dozen reports each year—tracking the global trends in petroleum production, analyzing the geopolitical and economic implications of the shale oil boom, and profiling major U.S. shale plays—just to name a few of the topics. This campaign provides the analytical backbone to IPAA's policy positions that are communicated to the media, policymakers and key coalition allies. For the latest, visit online at [OilIndependents.org](#).

Association Council

IPAA's government relations team is coordinating with 25 state trade groups—called the [IPAA Association Council](#)—to put together political toolkits, coordinate messages and increase community engagement.

Oil & Gas Investment Symposium (OGIS)

For over 20 years, [OGIS New York](#) has served as the flagship annual energy investors' conference featuring hundreds of IPAA's member company CEOs who explain the trajectory of their businesses in the year ahead to the thousands of financial investors in attendance. Information on sponsoring and attending is available at [www.ipaa.org/events](#).



NAPE

This industry expo, produced by IPAA, AAPL, AAPG and SEG, is the oil and gas industry's marketplace for the buying, selling and trading of prospects. Held twice a year in Houston, [NAPE](#) expanded to include [NAPE Denver](#) in the fall.



Supply & Demand and International Markets

IPAA hosts biannual speaker events featuring experts who analyze the latest market trends and key supply and demand factors for oil and natural gas. Additionally, IPAA's international-focused speaker receptions held at our Midyear and Annual meetings continue to be must-attend events. IPAA has also updated the annual publications [Oil and Gas Producing Industry In Your State](#) and [U.S. Petroleum Statistics](#)—available at [www.ipaa.org](#).

Environment and Land Access

IPAA hosts a number of meetings each year to update its members and plan industry strategy on environmental and land access issues. In addition to holding IPAA Committee meetings at the IPAA Midyear and Annual Meetings, IPAA hosts a [Strategic Planning Conference on Land Access and Environmental Issues](#) as well other in-person [Environment and Safety Committee Meeting](#) in DC, the bi-annual [Offshore Committee Meeting](#) in Houston and other meetings focused at in-depth policy discussions around impending regulatory hurdles.



KEY ISSUES

WORKPLACE SAFETY

Employee safety is our industry's number one priority. The [Occupational Safety and Health Administration \(OSHA\)](#) is in the process of updating numerous workplace safety regulations and policies. IPAA continues to track, monitor, and provide comments on these rules and policies as they arise. IPAA is also working with a broad coalition of industry stakeholders and safety experts, as well as [OSHA](#), to continually improve safety standards to ensure all who work in the industry are kept as safe as possible.

ENDANGERED SPECIES

The [Endangered Species Act \(ESA\)](#) continues to be a top priority, with hundreds of animal and plant species listings, both onshore and offshore, impeding development. There are a number of species in which IPAA is currently engaged, including but not limited to the Greater Sage-Grouse, the Lesser Prairie Chicken, the Northern Long-Eared Bat, the American Burying Beetle and the Rusty Patched Bumble Bee. IPAA filed comments on these and a number of other species and continues to track listing developments and the industry's efforts to conserve species through its [Endangered Species Watch \(ESAwatch.org\)](#) campaign. IPAA's ESA Watch website, and weekly newsletters are now widely used tools by Capitol Hill and allied organizations.

CLIMATE

The [116th Congress](#) will direct attention to global climate issues through multiple hearings and the introduction of legislation. Cast in a framework that questions the existence of fossil energy production, IPAA will be responding to these threatening proposals by demonstrating the importance of independent oil and natural gas production to the American economy and the critical roles of natural gas and oil in responding to [Green House Gases](#) emissions reductions not only in the United States but internationally.

OFFSHORE

In the first year of his presidency, President Trump released an [Executive Order \(E.O.\)](#) to implement an America-first offshore energy strategy which began the process of reversing many of the burdensome red-tape restrictions for offshore exploration and development that were implemented the Obama Administration. The Administration is in the process of reviewing and reworking Obama-era offshore regulations, including the [well control rule](#), financial assurance, and reworking the [Five-Year Plan](#). IPAA has actively participated in the comment process as these Rules have advanced and will continue to do so with Independent producers priorities in mind.

CRUDE TRANSPORTATION

Producers continue to increase production in the U.S. at a faster rate than pipeline capacity can be built. As a result, companies are, once again, looking to move crude oil by rail in greater volumes. This is particularly true in North Dakota where additional pipeline capacity continues to lag behind production increases, despite completion of the [Dakota Access pipeline](#). These bottlenecks, in North Dakota and elsewhere, have prompted some companies to sign short term rail agreements designed to bridge the gap until more capacity comes online. IPAA continues to work with a large coalition of stakeholders to encourage agencies to approve pipeline projects as well advocating for legislation to remove redundancies and abuses within the approval process.

PIPELINE SAFETY

The DOT's Pipeline Hazardous Materials and Safety Administration (PHMSA) issued a [Notice of Proposed Rulemaking \(NPR\)](#) on [Safety of Gas Transmission and Gathering Lines](#), with consideration before PHMSA's [Gas Pipeline Advisory Committee \(GPAC\)](#). The NPR would greatly expand PHMSA's jurisdiction over gathering lines and would encroach on production facilities, based on the proposed definitions. Industry has commented



IPAA and the [Petroleum Equipment & Services Association \(PESA\)](#) are committed to educational outreach through the Houston-based [IPAA/PESA Energy Education Center](#). For over a decade, the Education Center has inspired students in enhanced STEM curriculum and has **prepared the next generation** for successful careers in our industry. The Education Center supports five award-winning [High School Petroleum Academies](#) in the Houston and Fort Worth Independent School Districts and has embarked on a new digital [STEM Career Exploration program](#) designed for middle school students.

INDUSTRY TRAINING

IPAA offers live and/or customized, in-house [Oil & Gas Courses](#) several times throughout the year and has partnered with [Energy Training Resources, LLC](#) to launch a series of industry-focused [eLearning](#) courses that are available online. Proceeds benefit the IPAA Educational Foundation.

www.ipaa.org/education

on the proposal, strongly opposing any changes to the existing definitions for production operation and gathering line based on a legislative and regulatory history of the current regulatory regime. The definition of gathering is likely to be on the late summer [GPAC](#) meeting agenda. [PHMSA](#) released a final [Safety of Hazardous Liquid Pipelines rule](#) in January. However, [PHMSA](#) withdrew the rule because it did not get published prior to the beginning of the Trump Administration. The [Liquid Pipeline rule](#) would have imposed reporting requirements on gathering lines. Although the rule was withdrawn, this finding for limited regulation is significant, as it acknowledged that, absent further data, [PHMSA](#) lacked congressional authorization to impose additional regulations on gathering lines.

ENERGY INFRASTRUCTURE

After fossil fuel opponents failed in efforts to impose federal regulations banning hydraulic fracturing, these groups focused on opposition to pipeline infrastructure to prevent development of oil and natural gas resources. This keep-it-in-the-ground movement uses the federal regulatory process, primarily at the [Federal Energy Regulatory Commission](#), in an effort to expand the criteria for the granting of gas pipeline certificates to include upstream and downstream emissions. Some district courts have supported this effort. [FERC](#) has been hampered by the absence of a full complement of five commissioners, which can hold up project approvals on a partisan split. Fossil fuel opponents also have turned to state environmental approvals as vehicles for halting critical pipeline infrastructure. They successfully used denial of stream crossing permits in New York to stop the [Constitution Pipeline](#). IPAA has filed in support of gas pipeline certificate projects at [FERC](#) and spoken on behalf of the application by Atlantic Coast Pipeline for a necessary air permit from the [Virginia Department of Environmental Quality](#). IPAA also is working with other associations involved in all aspects of the natural gas chain to prevent abuse of the federal permitting process at the state level.

TARIFFS

In March of 2018, President Trump announced a 25 percent tariff on imported steel and a 10 percent tariff on imported aluminum goods. These new tariffs and, perhaps more critical, quotas on steel and aluminum imports could undermine the success of American oil and natural gas producers have had in moving America towards energy security. IPAA continues to raise these concerns and their impacts with the Administration as well as Congress as they seek a path forward on broader international trading issues. In addition to our own advocacy efforts, IPAA has joined a coalition with other stakeholders to press for a resolution on this issue.



GLOBAL CLIMATE CHANGE: POLICY CHALLENGES

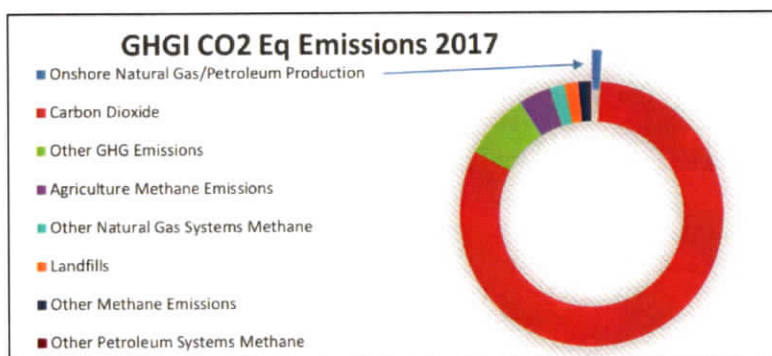
New shale gas formations throughout the nation can develop American natural gas to meet the nation's needs for 100 years. These resources will allow the United States to develop its climate strategies using clean, abundant, affordable American natural gas.

As the United States copes with the challenges of the international problem of climate change, it must create national actions that address emissions management while maintaining a strong American economy. The Independent Petroleum Association of America (IPAA) believes that the positive role of American oil and natural gas production must be recognized and addressed in any policy actions.

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U.S. natural gas is a linchpin to any climate strategy.

Shale gas resources throughout the nation can produce natural gas to meet American needs for 100 years. These resources will allow the U.S. to develop climate approaches that can rely on clean, abundant, affordable American natural gas. Natural gas can be the fuel of choice for new electricity generation. It is essential for the production of biofuels, both as a fuel and a component of fertilizers. It is the feedstock or the process heating source for the manufacture of energy conservation materials, energy efficient products and alternative energy technologies. No climate change approach should be adopted unless it includes mechanisms to assure American natural gas can be produced and used. Over 1,000,000 oil and natural gas wells operate in the



United States; yet, collectively, they account for 1.2 percent of U.S. GHG emissions.¹ Legislation and regulations should not target these operations that are essential to meet future energy needs. Additionally, new American production should be encouraged. Abundant natural gas supplies underlie America's land. The federal regulatory and permitting system must be structured to assure that any commitment to a climate change initiative includes American natural gas and oil production.

A strong economy hinges on energy. The United States consumes about 16.5 percent of the world's energy, but it also produces about 15 percent of the world's gross

Energy Consumption and Strong Economies are Connected						
Gross Domestic Product (2017)*			Primary Energy Consumption (2017)			
RANK	COUNTRY	WORLD SHARE(%)	RANK	COUNTRY	WORLD SHARE(%)	
1	China	18.2	1	China	23.2	
2	United States	15.2	2	United States	16.5	
3	India	7.4	3	India	5.6	
4	Japan	4.3	4	Russian Federation	5.2	
5	Germany	3.3	5	Japan	3.4	
6	Russian Federation	3.2	6	Canada	2.6	
7	Indonesia	2.5	7	Germany	2.5	
8	Brazil	2.5	8	South Korea	2.2	
9	United Kingdom	2.3	9	Brazil	2.2	
10	France	2.2	10	Iran	2.0	

SOURCE: CIA
*Purchasing Power Parity

SOURCE: BP

¹ Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2016 (April 2018)

domestic product. This reality must be reflected in any policy actions.

All forms of energy are essential to build strong economies. Each nation may choose an energy supply mix that best suits its needs. But for the first time in decades, the world stands at a threshold where abundant fossil energy – particularly natural gas and oil – can provide emerging economies with alternatives that can eliminate reliance on deforesting land for fuel. It can create energy options that improve community health, reduce water pollution while improving potable water supply and enhancing sustainable economic development.

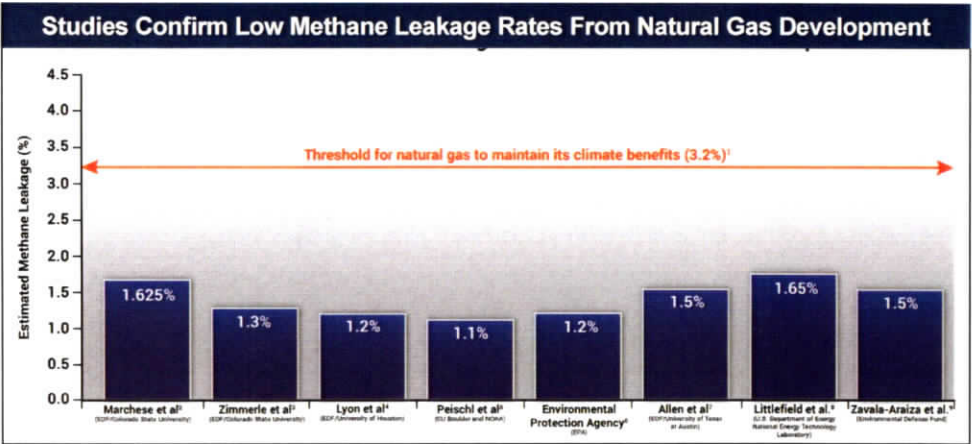
America’s energy supply and its national security are inextricably linked. Natural gas and oil provide about 65 percent of America’s energy and will continue to be a major contributor for the foreseeable future. But, the development of shale oil and natural gas resources changes the framework for security interests. The U.S. has changed from a nation that imported over 60 percent of its oil. While the U.S. continues to import about 13 percent of its crude oil (almost half from Canada), these imports reflect the need for specific crude oils in U.S. refineries. More importantly, the U.S. has dramatically increased its exports of petroleum – a substantial portion of which is crude oil. Similarly, the U.S. has become a net exporter of natural gas. These U.S. petroleum and natural gas exports can alter the capability of foreign countries to manipulate the global market place. No global climate program should result in disincentives – or worse, constraints – on American natural gas and oil production effectively

diminishing the nation’s ability to stabilize world energy markets. In particular, America’s marginal oil wells are the most economically sensitive to increased costs. According to the Energy Information Administration (EIA), over 80 percent of America’s oil wells are marginal wells – producing less than 15 barrels/day. Yet, these wells produce 10 percent of American crude oil. Similarly, about 79 percent of America’s natural gas wells are marginal wells and they produce about 11 percent of U.S. natural gas. Marginal wells are unique to the United States. Once shut down, they will never be opened again – it is too costly.

Federal regulations – whether specifically addressing global climate issues or other air management initiatives – should not be used to force fuel choices.

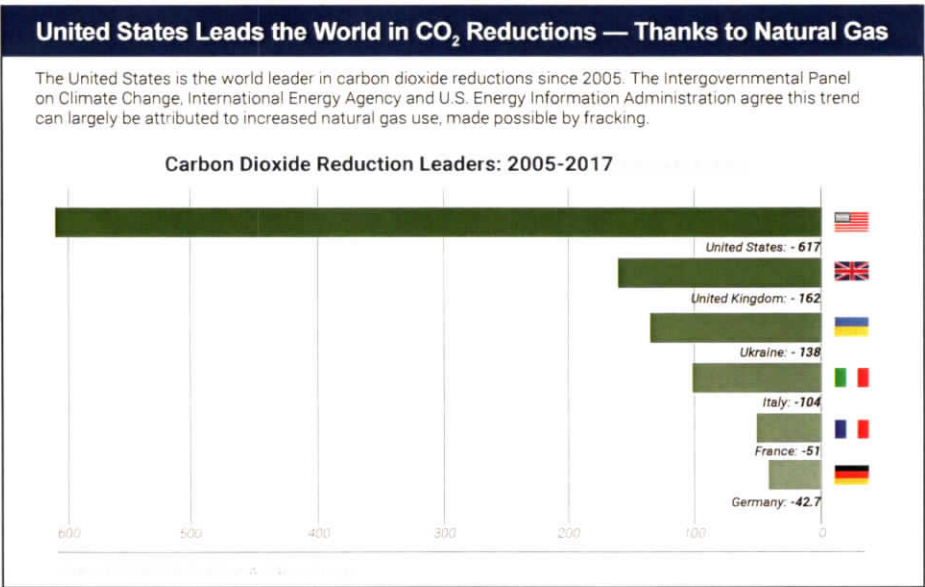
The U.S. leads the world in carbon emissions reductions. As U.S. energy production soared, the United States maintained its commitment to lowering emissions and protecting the environment. In fact, the country has [led the world](#) in carbon emissions reductions from 2005 to 2017, according to BP’s [2018 Statistical Review of World Energy](#).

For example, American natural gas is essential to support renewable energy like solar and wind. The nation’s energy needs cannot be supplied without the substantial contributions of fossil energy.



SOURCE: ENERGY IN DEPTH

Keep It In the Ground attacks on methane emissions are false. Recurring allegations that natural gas and oil development results in methane emissions that offset the benefits of using natural gas are groundless. All legitimate studies repeatedly demonstrate that these emissions fall well below the threshold to maintain climate benefits of using natural gas.



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The natural gas and oil production industry has initiated or participated in numerous voluntary emissions efforts to reduce volatile organic compounds (VOC) and methane. These efforts began with participation in the EPA Gas STAR program that utilized the technologies largely used in the EPA New Source Performance Standards (NSPS) of 2012 and 2016. The American Petroleum Institute created its voluntary Environmental Partnership in 2017 that now has 61 member companies. This program addresses VOC/methane emissions from pneumatic controllers, liquids unloadings and fugitive sources. The Partnership also works with research efforts such as the Colorado State University Methane Emissions Technology Evaluation Center (METEC) on cost effective management of emissions. Seventeen companies across the natural gas value chain – production through end use – formed ONE Future with a goal of developing voluntary emissions management goals. Another group of companies founded The Collaboratory to Advance Methane Science (CAMS) to pursue scientific studies addressing methane emissions along the natural gas value chain, from production through end use. Studies will focus on detection, measurement and quantification of methane emissions with the goal of finding opportunities for reduction.

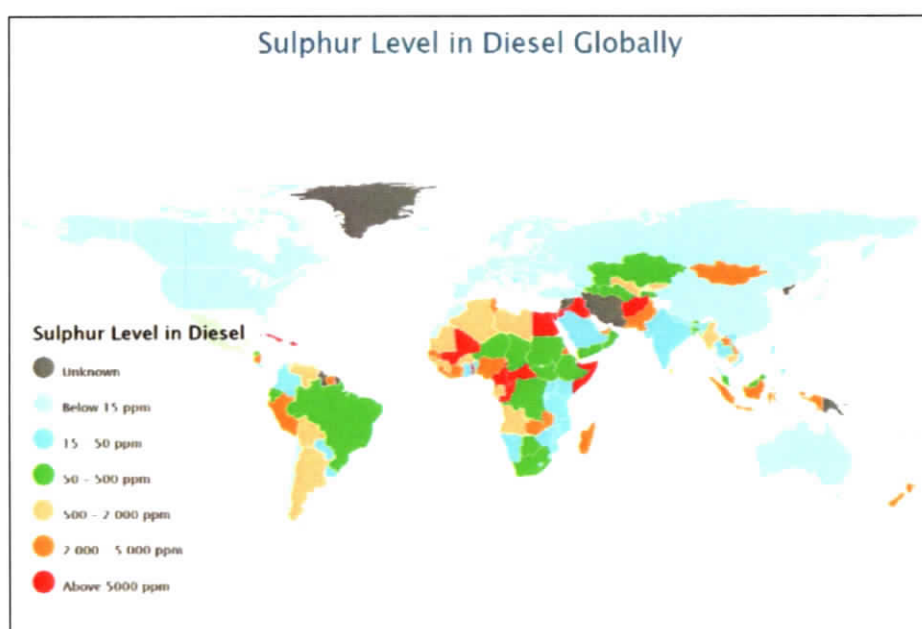
Industry continues to invest in emissions reductions and the development of new technologies. Over the 2000 – 2014 period, the U.S. based oil and natural gas industry invested an estimated \$90 billion in GHG mitigating technologies and another \$127.5 billion in developing shale gas used to reduce GHG. These mitigating technologies include not only reductions in facility emissions but the use, capture, and sequestration of GHG. Recently, companies announced plans to capture carbon dioxide from the air and concentrate it for enhanced oil recovery where it is sequestered.

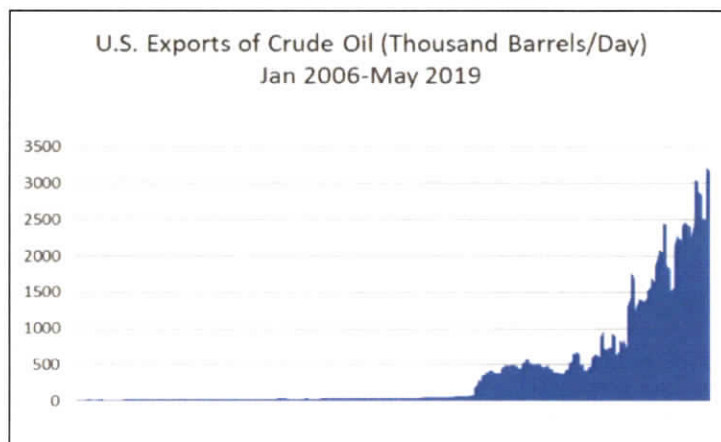
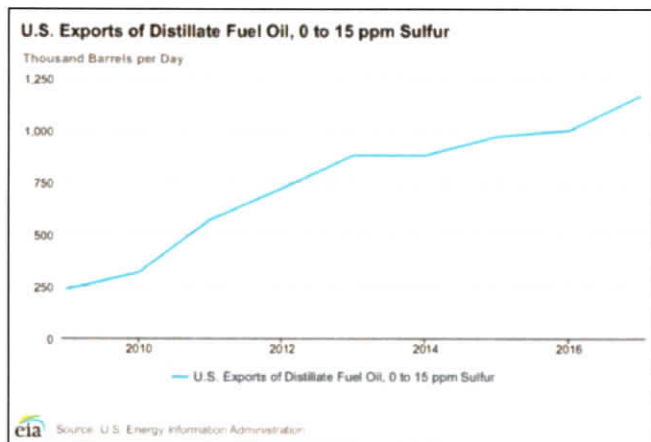
Clean burning natural gas requires far less land to produce electricity than renewable energy sources. In 2017, Strata released its report, THE FOOTPRINT OF ENERGY: LAND USE OF U.S. ELECTRICITY PRODUCTION, assessing the footprints of electricity generating fuel sources. It states, "...this report finds that coal, natural gas, and nuclear power all feature the smallest physical footprint of about 12 acres per megawatt produced. Solar and wind are much more land intensive technologies using 43.5 and 70.6 acres per megawatt, respectively. Hydroelectricity generated by large dams has a significantly larger footprint than any other generation technology using 315.2 acres per megawatt." Little attention has been given to the land use implications of reliance on solar and wind energy for electricity because these sources only generate 1.6 percent and 6.6 percent, respectively, of American electricity, but it will take 3.7 times the land to generate solar energy and 6 times the land to generate wind energy than it does for natural gas. But, significantly, it takes natural gas to generate either solar or wind electricity because neither is suited as base load sources due to their intermittent nature.

Exporting Liquefied Natural Gas benefits the environment in other countries and the world. The Center for LNG reports that "... a 2015 study by Pace Global found that if five key international markets – Germany, Japan, South Korea, China, and India – continued to use coal instead of LNG to generate electricity, their greenhouse gas emissions would be 92 percent to 194 percent higher than current emission levels."

Exporting American crude oil and fuel products can produce important environmental benefits internationally. American refineries produce and export critical products that provide other nations with lower emission fuels that benefit their environments. These environmental benefits differ from those related to GHG.

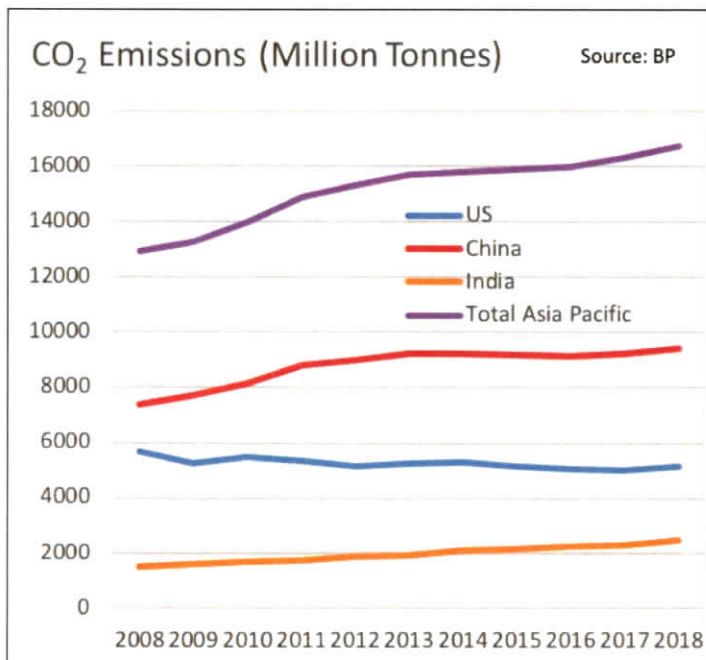
While the U.S. relies on natural gas and gasoline as its primary heating and vehicle fuels, most countries throughout the world are dominated by the use of distillate fuel oils. Historically, these distillate fuels are high in sulfur and create significant sulfur oxide emissions issues. American refineries produce and





export critical products that provide other nations with lower emission fuels that benefit their environments. For example, as the United Nations Environment Programme reports: "While developed countries have reduced fuel sulphur levels to 10 parts per million (ppm), in developing and transitional countries the average sulphur levels (particularly in diesel fuels) are high and may even reach 10,000 ppm. PCFV efforts to lower sulphur levels in fuels, by improving refinery technology and/or fuel import standards have resulted in major progress in Africa, Latin America, Asia and Eastern Europe. Low sulphur fuels are critical to lowering direct emissions of particulate matter from on-road traffic (that are of great concern due to their health impacts) and black carbon emissions (an important climate pollutant)."

American refineries have the capability to produce low sulfur diesel fuels. Their role in exporting that product has become more expansive in the world market. Equally important, the growth of exports of American crude oil provides additional benefits. Shale crude oil is relatively low in sulfur content. Consequently, its use in foreign refineries allows for lower sulfur distillate fuels to be produced in those countries.



Ultimately, global climate issues must be addressed internationally. No single country can resolve the issue of reducing GHG emissions that occur throughout the globe. Unlike historic Clean Air Act pollutants like sulfur oxides or carbon monoxide that are generated and managed locally, GHG are not only global, they are a far larger component of the atmosphere. And, in the case of carbon dioxide, it is both a GHG and an essential chemical for photosynthesis. Well-reasoned, cost effective steps can be taken to limit the generation of GHG, like the use of natural gas, but cooperation across the world is essential to avoid nations' taking adverse economic actions without producing any global benefits. This problem is well known in the context of two rapidly industrializing nations in a rapidly industrializing region – China and India in the Asia Pacific region. While international efforts like the Kyoto Protocol and the Paris Agreement define international goals and create expectations, past experience consistently shows that their objectives will hinge on emissions actions in this region that have yet to occur. Whether the U.S. acts

within these frameworks or independently, without actions by other countries, no realistic change will result.

America's independent producers are a part of any climate initiative. Independent producers have repeatedly demonstrated their commitment to limiting their emissions of GHG. At the same time, their products are essential to generate the energy necessary to drive economies here and abroad through the use of clean burning natural gas and low emission petroleum products.

For questions or more information, please contact the IPAA Government Relations team at 202.857.4722.